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West Europe Report

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POLITICAL

DENMARK

RESEARCH CENTER DEFENDS NONOFFENSIVE DEFENSE POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 26 Nov 85 p 10

[Op Ed article by Bjorn Moller: "A Nonoffensive Defense is not Characterized by Ambiguity." For a translation of the op ed article by Monitor cited in the article below see JPRS WEST EUROPE REPORT No WER-85-106 of 31 Dec 85]

[Text] In BERLINGSKE TIDENDE of 18 November, "Monitor" sent his "greetings" to the new Peace and Research Center, where I have been employed as a researcher since January. His greetings took the form of an attack against the ideas behind the project on the "nonoffensive defense of Europe," which comprises half of the center's activities and in which I participate. Thus, in the name of politeness--but also in the name of objectivity--I must respond to his greetings.

The name of our project, alone, takes some of the wind out of Monitor's sails. First of all, we have avoided the term "defensive defense," which is not especially idiomatic. Secondly, the phrase "in Europe" indicates that we have no utopian concepts of unilateral Danish action, but rather proposals for a change in the structure and strategy of the alliance as a whole--or at least in its European half.

Monitor stated that the entire concept was "characterized by ambiguity." Thus, I will attempt to create some clarity in Monitor's thinking.

The principle behind the nonoffensive defense is to make known--not only in words, but also in "deeds" (i.e. military structure)--that we are neither desirous nor capable of being a threat to the other side. This could create greater stability: an increased "peacetime stability" created by avoiding an expensive and destabilizing arms race. In addition, an increased "crisis stability" would guarantee that a crisis would not get out of control and result in a war.

The latter is perhaps most important, since the absence of crisis stability probably will be the cause of World War III, which must be prevented. A war might well result from a mutual "spiral of escalation," where both sides seek to show determination through military measures that are seen as a threat by the opponent. If, at the same time, the military structures are of such a type that the side that strikes first gains a considerable advantage, then

the mutual fear could start a war that no one really wanted. With a defense of another type, however, it would be possible to demonstrate a constant defense capability and will, for example by mobilizing reserves or taking other such measures, as long as these measures were not seen as threatening and as long as one's defense capabilities were not reduced in the process.

Monitor dismisses the idea by ruling out the possibility of reciprocity--that the Warsaw Pact would follow suit and make similar structural changes. First of all, such reciprocity is not to be ruled out--as long as we do not demand immediate and total results. There is actually some debate within the Soviet military as to whether or not tanks, for example, are outdated. In addition, the latest changes in the general staff could indicate that, if nothing else, they have at least admitted the need for new ideas. The West could perhaps help give these new ideas the right direction.

Secondly, complete reciprocity would be unnecessary. The idea behind the defensive defense, after all, is to specialize in defense. This would entail the "advantages of specialization": the possibility of utilizing the terrain, preparing one's positions in times of peace, foregoing large, expensive weapons systems, etc. The same level of spending could provide greater defense capabilities. But of course a country such as Denmark--regardless of its defense structure--could not manage a total defense alone against a country such as the Soviet Union--which, by the way, no one has claimed has designs on Denmark.

It is correct to state that a defensive defense cannot prevent an attack. This is a "shortcoming" that it shares with both the present defense structure and practically any conceivable alternative. But it would--like the present structure, only better and without unwanted "side effects"--make it clear to a possible attacker that an attack would not be worthwhile. Thus, it would have a "preventive" effect, not simply by "deterrence," but also by other means.

It must be made clear to our "enemy" that he could not achieve a rapid "fait accompli." This could be done by maintaining the clear ability to effectively reduce his forces.

For this reason, our defenses must not be set up as a "impenetrable" line, but more spread out, either over our entire territory or over a "zone" along our boundaries--or (perhaps best of all) as a combination of the two. In this way, the attacker will see that the farther he penetrates into the country, the more vulnerable he becomes. His strength is worn down. This would make an attack highly unattractive.

So much for the overall considerations in Monitor's criticism. The more specific objections may be discussed briefly.

The assertion that the "importance of air supremacy" is not recognized by the proponents of a defensive defense is simply incorrect. But the battle for air supremacy can occur at several levels. Fighter planes are often

criticized, simply because they are unsuitable for this purpose. An effective air defense system that is hidden and perhaps mobile on the ground could also accomplish (at least a major part of) this task, but at a much lower cost--and without the possibility that an opponent could consider this to be a threat.

In his closing remarks, Monitor falls into his own trap. He speaks as if an isolated Danish defense made sense, whether it be with the one structure or the other. A defense Danish defense could not stand alone, he claims. But this is also true of the present structure, at least according to remarks made by Defense Minister Hans Engell in his annual report in 1984. He maintained that the most important task of the defense was to receive and cooperate with foreign reinforcements.

In his specific criticism, Monitor unwittingly gives the best argument precisely for a defensive defense in a larger context. He says, correctly, that even with its present structure the Danish defense cannot be seen as a threat to the Soviet Union. As we know, however, Denmark is not alone. What good would it do, for example, if we only had a stationary air defense system, but used it to protect Danish air bases that were always at the disposal of our allies? What if, like today, they planned to arrive in a crisis situation with ultramodern (and presumably nuclear-armed) planes? Then, of course, the "enemy" would see the Danish defense system as part of a larger military structure that possessed a certain offensive capability and, therefore, could be seen as a threat. As long as Denmark is a member of NATO, the Danish defense can only be seen as a part of NATO.

Now there seems to be a certain chance (only time will tell whether or not it will be successful) to bring about a change in the NATO course. In both West Germany (SPD) and England (Labour) there are forces that, if and when they return to power, probably will initiate a restructuring along the lines indicated above. In this case, a defensive defense in Denmark would become highly meaningful. With these prospects in mind, perhaps some limited steps toward change in Denmark could be significant, namely as a possible catalyst for such a process.

Thus, it is not "absurd" to believe that "frivolous ideas" about a defensive defense system should be included in a future debate over the Danish military. It is doubtful that these ideas could have an effect on the next defense resolution in 1987, but a slightly longer period of time may be needed, in any event, to change something as fundamental as a nation's defense system.

Even though these ideas are not "frivolous," they are certainly still relatively abstract. The only region where there are concrete, well-developed alternative defense models is the central front, the geography of which differs considerably from that of Denmark. Thus, in any event, a considerable amount of research will be needed to develop proposals for concrete changes in the Danish defense system. No one claims to possess patent solutions.

POLITICAL

DENMARK/GREENLAND

INUITS ASSAIL GREENPEACE INTRUSION INTO LIVELIHOOD, CULTURE

West Berlin TAGESZEITUNG in German 26 Sep 85 p 7

[Article by Hans Klueche: "In Greenland Greenpeace is Called 'Greenshit': The Campaign Against the Industrial Seal Hunt Deprives Greenland Hunters of the Basis of Their Existence"]

[Text] Copenhagen (taz). Greenpeace has made itself unpopular among seal hunters in Greenland. They accuse the organization with its campaign against the large-scale commercial slaughter of baby seals, which is directed especially against hunting practices in Canada, of having deprived Greenland's Inuit--also called Eskimos--of the basic means for their survival, since in the wake of the campaign it has been almost impossible to sell sealskins. However, according to Greenpeace, the whole thing is a misunderstanding.

Certainly Alan Pickaver is very familiar with demonstrations, but more as a protest organizer. He is the coordinator of the Greenpeace campaign against the bludgeoning to death of young seals off the Canadian coast. Last September, when in the course of an information tour through Greenland he climbed out of a helicopter in the village of Uummannaq, several hundred Inuit had prepared a truly frosty welcome for him. Whistles sounded, a transparency carried the message "Greenshit," and a sarcastic slogan was making the rounds: "Save the life of an Inuit: buy sealskins!"

At the present time, it is as hard to sell sealskins as it is to sell the proverbial sour beer. At the last auction held this past May by the "Royal Greenland Trade Department" (RGT), the society withdrew its offerings in the face of an average price of 35 Danish krone (one Danish krone = c. DM 9.50) for the skin of a large adult seal. Five years ago, before those sad seal eyes gazed out from Greenpeace posters onto the wearers of fur coats, a ringed sealskin commanded an average price of over DM 100. Between 15,000 and 30,000 skins were sold in the 1970's at semiannual auctions. Today, the RGT has some 70-80,000 unmarketable skins stored in its warehouses in Aalborg, Denmark. At the present time, there are no plans for another auction.

However, about one-fifth of the 50,000 inhabitants of Greenland depend on seal hunting for their living. The high-grade meat of the animals shot serves as food for human beings, with low-grade parts being fed to the sled

dogs. Some of the skins are processed for local use as winter clothing, and the rest is sold. Profits from the sales of skins is often the only money earned by a hunter's family. This money is used to purchase items not supplied by nature and which would be hard to dispense with: gasoline, soap, coffee, knives, and lumber.

Greenland's home-rule government, "Greenland's Hjemmestyre," now buys up the skins at subsidized prices--a social assistance program intended to spare the hunters the humiliation of having to live from welfare payments. But the actual situation is known even in the remotest villages. And when Greenpeace spokesman Alan Pickaver arrives in Niaqornat, a small village 800 dogsled hours away from the closest larger settlement of Uummannaq, hunters there challenge him to help them with his organization. Eighty-four people live here, and all depend on seal hunting for their livelihood. After his trip, Alan Pickaver declares: "I believe that I will return to Denmark with very different impressions than those I had when I arrived."

Philipp Lauritzen of the Hjemmestyre also believes that Greenpeace should help the hunters. He, too, believes that the organization shares some of the blame for the catastrophic situation confronting the hunting culture in Greenland. In his view, Greenpeace has developed into an important factor affecting power relationships and opinion shaping in Europe and North America, and now it should use its influence to correct the mistakes as a result of which Greenland's hunters are suffering. Michael Gylling Nielsen of Greenpeace Denmark admits that his organization shares responsibility for the destruction of the sealskin market. "The consequences for the Greenlanders are based on a number of misunderstandings. Greenpeace is not opposed to the seal hunt in Greenland. We have stressed this time and again in our statements. But I admit that very often, people only read the headlines," he said to taz. But he also criticized Greenland's home-rule government: "If the Greenlanders had taken a clear position against the industrial, commercial seal hunt, they would have been able to clear up the misunderstandings that today are making it impossible for them to sell any more skins." He also added that the Greenlanders had for all too long blindly pursued seal hunting without trying to develop any other alternatives.

12792/13046

CSO: 3620/29

POLITICAL

FEDERAL REPUBLIC OF GERMANY

GENSCHER WEIGHS POLITICAL CONSIDERATIONS IN APPROACH TO SDI

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 9 Nov 85 p 1

[Commentary by Claus Gennrich: "Still the Old Tactician"]

[Text] What does Genscher want? This question has kept the Bonn coalition busy for months. It was about the divergent views on SDI. Now another question has come up: where does he stand? The answer is becoming urgent for him. Bonn must make a decision in a few weeks; the ministries must take a position one of these days. The time to play games is getting tight. Lately, Genscher has been emphasizing everywhere his friendship with Kohl: a bit embarrassing, but evidently necessary.

Genscher's stake in the game is the FDP--besides the foreign ministry. Officials can be pushed into the limelight and, as necessary, be disavowed, if, in the end, accommodation to peace within the coalition requires it--the trick is to avoid pinning oneself down despite all innuendos. Under certain conditions, this procedure may also be applied to FDP politicians; however, here Genscher has had some experiences that should be a warning to him. The FDP feels pinned down--to Genscher's skepticism about the SDI. Many have interpreted his reservations, not without reason, as rejection of a national shield over German participation in the SDI.

Representatives of the economic wing, such as Count Lambsdorff, are giving more weight to industry's desire for a national shield. Now, the balancing act should be to explain to the FDP that it wouldn't be obligated to anything more than "skepticism" and certain conditions; a mere exchange of letters between Bonn and Washington--less than a general agreement--would, therefore, be acceptable.

A mantle is already being sewn for Genscher to don; on it, a threefold success story is outlined in glittering letters: No single-handed pushing forward by Bonn in Europe because Britain leads the way with her participation in the SDI, and Italy goes along; an excessive East-West chill has been avoided; and Eureka has improved relations with France. The FDP leaders are painting the label.

Some people, who thought they agreed with Genscher when bragging with warnings against the SDI and with the announcement of another delay in making a decision--as Deputy Feldmann did in the Bundestag and the mass media--, might then be disappointed. So long as Genscher believes that it is useful to permit these people to use the SDI issue for venting their unhappiness over the still-unpopular coalition, they can count on a sort of division of labor with the cautious minister; once the circumstances change, this will change as well.

In the long run, Genscher wants to remain foreign minister--Kohl hasn't promised him that, but this is Genscher's goal. Therefore, he has to be careful in laying out his views. Leading FDP politicians believe there is reason to cautiously indicate to the foreign minister that they support him in this but expect him not to jeopardize the party's determination to stay with the coalition. The SPD is promoting such suspicion; Genscher likes to think of himself as a link between the government and the opposition. He underestimates the danger of accepting repeated praise from within the SPD.

Just as the FDP leaders are convinced that the CDU/CSU will enter into an SDI agreement, they also know that, while the FDP voters value the party's independence, today they want longer-term bonds to the coalition with the CDU/CSU. Genscher is vacillating between these expectations. Something irrational makes him exaggerate: his private war against Kohl's foreign policy advisor Teltschik.

Evidently, Genscher has been unable to recover from the federal chancellor's appointment of somebody as his foreign policy and security advisor and head of an inter-ministerial SDI working group, who is not under the control of the Foreign Ministry. Teltschik's independence irritates Genscher because he considers him a competitor in Kohl's environment. Kohl's confidence in Teltschik, which is based on experience, appears to Genscher like a violation of the chancellor's obligation to show gratitude for the change of government in 1982. Deep down he is unhappy about seeing his own influence diminished. Genscher uses the word "friendship" ever more frequently to describe himself as being indispensable. Politically, this is not wise.

FDP Chairman Bangemann is more successful with his party than in his influence outside. For Bangemann it is unpleasant that Genscher's new "image" in SDI and Eureka matters outshines that of the chairman. But he takes it in stride. He does not consider Genscher a danger; among the FDP leaders, the foreign minister exerts a decisive influence only in his area of competence; there, Lambsdorff is more active. Genscher avoids the appearance of wanting to embarrass Bangemann. But he is the one who determines the details for the SDI.

Since Genscher, with his innuendos, is nibbling away not only at Kohl's, but indirectly also at Bangemann's prestige, the CDU/CSU must back Bangemann and treat him with caution. At times, Genscher is giving the impression that he seeks to put some distance between himself and the CDU/CSU; Bangemann, in most instances, is looking for agreement. Bangemann is frequently imprecise in his statements; yet he has a calming effect within the party and the government coalition. The FDP leaders are concerned about his so-far small influence on the voters. Here, organizer Haussmann wants to lend a helping hand.

Unless he overplays his tactical games, Genscher may be able to pull a few SPD votes over to the FDP--the risk, of course, is that he may also drive others away. A steady force at the helm, free of the passion to gamble, should now step forward--if it exists.

22 January 1986

POLITICAL

FEDERAL REPUBLIC OF GERMANY

GERMAN STEEL INDUSTRY INSISTS EC END SUBSIDIES IN 1985

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 13 Sept 85 p 14

[Article by Js: "Additional Subsidies Endanger German Jobs"]

[Text] Structural purification of the European steel industry, which still has to cut back excess steel capacity on the order of 20 million tons, will be carried out primarily on the back of the German steel industry if the steel furnaces in other countries continue to receive subsidies, while German industry goes empty. A report by the Munich Ifo Institute comes to this conclusion in a study performed for the Economic Combine of the Iron and Steel Industry. An additional decrease in capacity by 20 million tons (annual production this year will be about 40 million tons) would cause the direct or indirect loss of 68,400 jobs. Of these, 38,500 would be lost in the steel industry itself, 9,300 in coal mining and supply companies, 6,100 in trade and 5,200 in transport and communications. The additional unemployment would occur almost without exception in regions already having above average unemployment rates. Connected with a further reduction in capacity in the German steel industry--which continues to be the most efficient in Europe--would be risks of price stability and supplies for many small, German steel processors, according to the Ifo Institute.

The Institute thus supports the opinion of the German steel industry that the subsidies should expire at the end of 1985, as originally intended. Of the DM 114 billion approved or paid subsidies in the EC, the German steel industry has received only 7.5 billion, or 6.6 percent, although it produces 30 percent of European steel. On March 26 of this year, the Ministerial Council in Brussels again formally confirmed that steel subsidies may not be paid beyond the end of this year. But at the same time, an additional DM 10 billion was approved primarily for the Italian and French steel furnaces. In the meantime, the Commission prepared proposals to provide additional subsidies in the form of termination assistance to extend beyond the year 1986. Additional discussions are to take place in the Ministerial Council in coming weeks. The Ifo Institute recommends the Federal Government oppose these additional subsidies "if necessary by using political counter-pressure", since it is by no means assured that the additional subsidies would actually serve only for further reduction in capacity.

/12790

CSO: 3620/67

POLITICAL

FINLAND

PRESIDENTIAL ELECTION REFORM BACKED BY PRIME MINISTER

Helsinki HELSINGIN SANOMAT in Finnish 19 Nov 85 p 2

[Editorial: "Sorsa Defends New Form of Election"]

[Text] The reform of the way presidential elections are held proposed by the government is at this point the biggest possible step toward democracy. This was Prime Minister Kalevi Sorsa's appraisal in his speech, the realistic words of which were also directed toward Social Democrat members of Parliament.

The bill is, as we know, part of the Constitution package which the government unanimously submitted to Parliament as early as nearly a year ago. The way these elections are held would be revised such that people would be able to vote directly for officially designated presidential candidates. In the old way, electors would also be chosen in the event that no candidate obtains a majority in a direct election.

A political compromise has threatened to split the Social Democrats because of indecision and a surprisingly equivocal desire for change which, on the other hand, is not approved of in the government coalition, particularly not in the Center Party. At the worst differences of opinion will be shelved until democratization of the way elections are held is well-advanced, as will the other parts of the Constitution package with its national referendum laws.

The division of opinion among the Social Democrats is in part due to the party's dodging the issue of the way the president is elected. The fear gnaws away at those who are undecided that the party's candidate may be elected in the next elections just as if the law were created for them alone. Furthermore, they would like votes given to the presidential candidate to be for the party as well and they would not like to give the public two ballots for the party.

Prime Minister Sorsa announced that he regards the fears born of a two-ballot system to be exaggerated. He does not believe, as do not many others either, that in a real situation those who have voted for Mauno Koivisto would not, for example, vote for electors for another presidential candidate on a second ballot. Besides, a citizen has the right to be that foxy, as Sorsa too quite rightly pointed out.

The prime minister's outspoken speech shows that he stands firmly behind the government's bill. It is to be hoped that his words will also make the party's parliamentary delegation assume a more reasonable stand on reform of the way elections are held.

11,466

CSO: 3617/35

POLITICAL

FINLAND

IZVESTIYA ON RELATIONS BETWEEN CENTER PARTY, CPSU

Helsinki HELSINGIN SANOMAT in Finnish 22 Nov 85 p 16

[Article: "'IZVESTIYA' Lauds Unique Relations Between Center Party and CPSU"]

[Text] On Thursday, the Center Party received considerable praise in the Soviet government organ IZVESTIA, which commended the party for its positive attitude toward cooperation with the Soviet Union.

The article's author, IZVESTIA editor Marat Zubko, recently visited Center Party strongholds in Seinajoki and Jyvaskyla and conferred with the party leaders in Helsinki. Zubko was part of a delegation of Soviet journalists visiting Finland.

He describes Finnish agriculture in great detail and afterwards discusses relations between the Center Party and the Communist Party of the Soviet Union.

"It is well-known that the Communist Party of the Soviet Union maintains relations with fraternal parties almost everywhere in the world. In addition to this, the party develops successful contacts with many socialist and social democratic parties. But the CPSU and the Finnish Center Party have shown that cooperation can be developed successfully between the communist and the nonsocialist parties of states which differ in their social systems.

"This example is unique at the present moment," writes Zubko.

He quotes Center Party deputy chairman and Minister of Finance Antti Pekkala, who says the party is proud it is a nonsocialist party which maintains direct contacts with the CPSU. According to IZVESTIA, Center Party "general secretary" Seppo Kaariainen is very pleased with the level of these relations.

In his article, Zubko devotes a lot of attention to President Urho Kekkonen's activity in the party and to the fact that Kekkonen was an influential factor in the political course of conduct which led to entirely new relations with the Soviet Union.

12327
CSO: 3617/38

POLITICAL

FINLAND

PRIME MINISTER'S INTENTIONS UNSURE, WORRY SDP

Helsinki HELSINGIN SANOMAT in Finnish 21 Nov 85 p 7

[Article by Anneli Sundberg: "Social Democrats to Go to Polvijarvi to Hear News from Chairman; Sorsa's Vacillation Creates Uneasiness"]

[Text] The Social Democrat decision-makers are to meet in Polvijarvi this weekend to ask Prime Minister Kalevi Sorsa to stop vacillating and plainly announce whether he intends to stay on as party chairman after 1987.

As the fall wore on, the uneasiness among party members grew to such an extent that it was felt that Sorsa no longer had any grounds for disappointing his supporters and opponents.

Sorsa himself has under no circumstances said that the party council in Polvijarvi will be the place where he answers yes or no. Now, still a couple of days before Polvijarvi, even his closest aides are playing a guessing game as to whether Sorsa will at the party council content himself with just listening to the districts' requests for him to stay on or whether the pressure will force him to give a straight answer.

Polvijarvi is, however, considered to be just about Sorsa's last chance to say no. Leaving the question unanswered will be taken as his consent to stay on.

Although even before the SDP [Social Democratic Party] congress in Lahti in the summer of 1984 Sorsa announced that he might well consider giving up his duties as party leader in 1987, no candidates to succeed him declared themselves. Party members were overly cautious in discussing the chairmanship. This hesitation went on right through the past few months. Sorsa's own vacillation and unwillingness to express his final attitude have led members to believe that there is not yet any real need to look for candidates for the chairmanship.

When the Sorsa government was discussing next year's budget, for a moment it seemed that the fight over the chairman's seat and the Social Democrats' political direction had begun. Party secretary Erkki Liikanen was not satisfied with the results obtained by Environment Minister Matti Ahde and Sorsa in the debate and instead presented himself as the real political leader of the party, demanding changes that were later effected.

The public interpreted it as though Ahde and Liikanen had won the first round in the race for the chairmanship.

The discussion was, however, stifled at the start when Liikanen, appealing to Sorsa's sense of responsibility, demanded that he stay on and denied his own chances of becoming chairman of the SDP.

Ahde soon followed his example.

Regarded as worthy of consideration by Sorsa too, the third of the candidates for the chairmanship, Pirkko Tyolajarvi, had already earlier withdrawn to the peace and quiet of the governorship of Turku.

Liikanen's speech redirected people's gaze toward Sorsa. They began to demand a decision of him in a respectful, but ever firmer tone.

At the district meetings held last weekend it became clear that Sorsa can expect to be unanimously elected at the 1987 party congress if he quickly consents to run. Not even the few discordant notes that were sounded -- women's first secretary Marianne Laxen and assistant city manager Erkki Tuomioja -- outright demanded that Sorsa allow his post to be filled. They would only have liked to respect Sorsa's own desire to rid himself of the party leader's duties.

Prestige Rocked

These past few years Sorsa's prestige in his party has been indisputable; the masses have not had to think where they were going. They have followed their leaders in silence, without asking any more than that. They have felt that Sorsa has both the country's government and the party firmly in hand.

With his prestige Sorsa pushed through the wage agreement now in effect.

The Social Democrats reckon that their misfortunes began at that time. In the opinion of the SDP, the agreement that bears the name of general manager Matti Pekkanen has caused the party inestimable political damage.

The metal workers were steamrollered. This now appears as strike threats affecting next winter.

All the others except the Social Democrats, whose ranks the fines divided badly, benefited from the discussion of the strike fines.

At the workplaces the sponsor of the agreement, Prime Minister Sorsa, who is now trying to patch up what there is to be patched up by revising the labor market rules, was promoted to scapegoat.

Invitations to workplaces, however, became rarer.

He suffered a stinging defeat in the local elections, the worst in Helsinki, Sorsa's own election district.

Members Adrift

The party leaders were in a hurry to draw conclusions. They hurriedly tried to go ahead and free the party from its role of government caretaker. The party leaders were shaken by the fact that many of their own people also felt that the party had amassed too much power.

The active party secretary began to educate members in an opposition alternative while the party chairman became more and more clearly the personification of a great Finnish consensus -- a broad mutual understanding. The Social Democrats began to complain that the party always comes after the nation.

The party functionaries took note of the fact that members in ever larger numbers felt that they were politically adrift as the parliamentary elections were threateningly approaching.

Their nervousness shows that they no longer control debate in the SDP in the same way as they did 1 or 2 years ago. It spurted from the way the president was elected and it changed opinions so that the leaders of the SDP parliamentary delegation were almost forced to control themselves. A young member of Parliament from Helsinki, Arja Alho, labeled the post of prime minister a guarantee for the party. The anger of over 40,000 Social Democratic municipal politicians was aroused over the raising of their local social security contributions. Many Social Democrats were also surprised that the prime minister supported the freezing of the increase in Yleisradio's [Finnish Broadcasting Corporation] license fee. Women and young people got mad because they did not have a chance to discuss the energy policy.

Opponents Are Enjoying Life

The SDP and its chairman's confusion were immediately noted in the other parties. They did not politely wait for the Social Democrats to recover and for Sorsa to be able to make his decision in peace.

Equipped with a quick eye for sizing up the situation, the KEPU [Center Party] leaders threatened to reevaluate the government coalition unless the Social Democrats got their ranks in order.

Right after that the KEPU proclaimed its new centrist coalition and announced that the Social Democrats would be its chief opponents in the coming parliamentary elections.

The Social Democrats have not been able to make any countermoves since they do not even know for sure who will be leading them in their parliamentary election campaign.

Political observers of all colors have predicted that the **government will fall** by the next round of labor negotiations this winter at the latest. According to the latest appraisal, a balance of terror prevails in the government, one which will probably help it to remain in session until the next elections.

Sorsa has again been shyly asked to help in formulating a wage agreement. So far he has reacted with reserve, waiting to see what the rules of the game guaranteed by him will result in.

The many kinds of political tension are expected to relax when Sorsa decides whether he will stay on as party leader and parliamentary representative and when he announces his decision.

The fall has demonstrated -- if not the new direction of Finland's domestic policy -- that the old claim that war and politics do not need one man is wrong.

11,466

CSO: 3617/35

POLITICAL

FINLAND

NO SUPPORT FROM SORSA FOR MARGINAL TAX REFORM

Helsinki HELSINGIN SANOMAT in Finnish 19 Nov 85 p 29

[Text] Prime Minister Kalevi Sorsa does not support marginal tax reform, at least not the kind of reform in which a 50-percent ceiling would be placed on the marginal tax.

Sorsa feels that this is a demand made by those with high incomes which it is impossible for those parties and labor organizations that see to the interests of those with low incomes to agree to.

The Finnish Employers Association (STK) has proposed a 50-percent ceiling on the marginal tax.

Sorsa also remarked that marginal tax reform would have to be paid for in some way. "It has often been said and even more often thought that this would be accomplished by raising the sales tax. This would be disadvantageous for those with low incomes," the prime minister reminded us.

Reform of the marginal tax is at the present time being studied by the investigating committees formed by all the parties to the wage agreement.

"I do not, however, want to close all doors to discussion of tax reform," the prime minister in the end reassured listeners in his speech at the joint-stock bank seminar on income distribution in Helsinki on Monday.

Young Families with Children

The prime minister also said that the government could be prepared to take some steps toward recovery if a moderate 2-year wage settlement is agreed on.

AKAVA [Academic Professional Commission] chairman Raimo Lehtinen particularly emphasized the poor success of young families with children in the campaign for income distribution. The prime minister listed a number of government actions on behalf of families with children that are included in next year's budget and at the same time called on the parties to the wage negotiations to of their own accord concern themselves with the interests of this group.

In addition to Sorsa, Finance Minister Ahti Pekkala, MTK [Central Association of Agricultural Producers] chairman Heikki Haavisto, the third

chairman of the SAK [Central Federation of Finnish Trade Unions], Raimo Kantola, general manager Tapani Kahri of the STK's Public Committee and Raimo Lehtinen participated in the panel discussion that was intended to be the highpoint of the seminar.

The panel discussion was a moderate one, just the kind a wage settlement should be, according to the government and the employers. The employers and AKAVA defended marginal tax reform, whereas SAK, on the other hand, called attention to the ungovernable increase in company profit earnings and wage hikes for company managers.

Confused Income Distribution

This was the third income distribution seminar organized by the joint-stock banks. The joint-stock banks fund income distribution studies were conducted by the Economic Research Institute (ETLA), the Pellervo Economic Research Institute and the Workers Economic Research Institute (TTT).

General manager Pentti Vartia of ETLA explained the differences in income among households and their background. In its investigations ETLA has noticed that educational levels have an effect on income levels; persons with more education generally receive higher wages.

According to Vartia, annual income should be such that it compensates for losses incurred during the educational period. But as long as the current marginal tax prevails, not even high incomes are sufficient to guarantee net incomes that would compensate for educational period losses.

According to Vartia, it should be noted that the distribution of incomes among households has somewhat evened out with the growth of real average household income. The income-raising effect of education has diminished. Differences in income between men and women have been further reduced and the income level of farmer families has risen in comparison with those of other groups.

General manager Pertti Kukkonen of the PTL [Post and Telecommunications Office], who, basing himself on his office's studies, maintained that two-thirds of the differences in income are due to education and job experience, continued in the same vein.

"Differences in Wages Are Increasing"

TTT researcher Tuovi Allen had investigated how much the income-distribution policy has evened out differences in income and standard of living among households. As an aid in this study, Allen employed the concept of net benefit in which indirect taxes paid in connection with consumption are subtracted from household income and the benefit accruing to households from the employment of public welfare services is added.

In her study Allen came to the conclusion that relatively more welfare services were made use of in the higher income brackets than in the lower ones.

The use of health care services was most evenly distributed while the use of educational and social services also increased with rising income.

Allen further noticed that taxation evenly divides the so-called vertical distribution of income while the so-called horizontal distribution of income remains uneven because of the deduction system, among other things.

This is why single-person households and childless couples whose head of household is over 65 pay less income tax than young, low-income families with children often do.

In commenting on Allen's study, Aila Jokinen, the chairman of TEHY [Health Care Union], the health care industrial union, raised the question as to whether the present distribution of income is such that it cannot be meddled with and whether the government is preventing reform of income distribution through its own actions even though there is probably public approval of it.

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POLITICAL

FINLAND

BOOK ASSESSES COUNTRY'S NEUTRALITY

Helsinki HELSINGIN SANOMAT in Finnish 26 Nov 85 p 17

[Review by Raimo Vayrynen, professor of international politics, University of Helsinki, of book "Puolueeton Suomi puolueellisessa maailmassa: Suomen turvallisuuspolitiikan haasteita avaruusaseiden aikakaudella" [Neutral Finland in an Unneutral World: Challenges for Finnish Security Policy in the Age of Space Weapons] by Martti Haikio, Kirjayhtymä, 1985]

[Excerpts] Docent and special editor Martti Haikio wants to defend the Finnish viewpoint in an unneutral world. More specifically, he wants to defend the nonleftist Finnish viewpoint.

Against this background, he discusses the fundamental issues of international politics, from the possibility of a major war to the future of communism to the hunger crisis in Africa. The ground covered by the book is really vast.

As a stylistic device, Haikio broaches a large number of questions. They go to the heart of international politics and show that the author knows how to suggest problems about which a shelfful of academic pieces could be written. By no means am I equally certain about the tenability of the answers offered.

Sticking to international politics, I would not dare to claim that "in this century, at least, no one has been able to speak about a balance of power in the world" (p 34). I also doubt whether the Conference on Security and Cooperation in Europe is merely "what the United States and the Soviet Union want it to turn into" (p 72).

Nor do I believe that "the future of communism or the impact of economic reforms in the East European countries will have little to do with the preservation of peace" (p 99).

I could even offer more examples of differences of interpretation.

Power Shift in Foreign Policy

Martti Haikio seems to have put his all into the section on Finland's domestic and foreign policy. Here his central message is that foreign policy has slipped out of the grasp of President Koivisto (who has an equal number of blunders and

achievements during his presidency, according to the author) and into that of Prime Minister Sorsa and the Social Democratic Party.

He also criticizes the Center Party for allowing such a power shift to occur. Haikio even gives to understand that part of Finnish decisionmaking in foreign policy has moved outside Finland, to the office of the Socialist International.

It is true enough that Koivisto's style of leadership in foreign affairs differs from that of his predecessors. It is also true that Sorsa's position as prime minister is exceptionally strong.

This does not mean, however, that Koivisto together with the Foreign Affairs Ministry does not have a firm grip on foreign-policy leadership. The impact of the axis on Finnish attitudes and initiatives in international politics is more powerful than Haikio realizes. No party is able to control its activity.

Haikio's analysis may also result from expediency. It is needed to provide the groundwork for his recommendation for the Conservative Party's future political direction. According to him, the Conservative Party's course must be "to aim at the acquisition of power within a few election periods, to make a clear breakaway from the incumbent president and the government which supports him, to adopt the same critical attitude toward all government parties, and, above all, to conduct campaigns with its own watchwords and its own candidates in the approaching parliamentary and presidential elections" (p 170).

With these standpoints, Haikio links himself to the second of the Conservative Party's two internal courses of thought: the one which is not directed at the political center.

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POLITICAL

FINLAND

BRIEFS

PAASIKIVI DIARIES REVEAL ANTI-SOVIETISM--KANSAN UUTISET, the main newspaper of the Finnish People's Democratic League and the Finnish Communist Party, closely examines what sort of picture the recently published diaries of President J.K. Paasikivi give of the man himself. "Also characteristic of the man who laid the groundwork for the new line are very vehement anti-Soviet and anti-Russian attitudes, not to mention the outbursts which he continually directed against communists and the Finnish People's Democratic League. At any rate, these features in the personal portrait of the former president arouse wonder in the labor movement's younger members to whom Paasikivi's historical link with the Conservative Party is unfamiliar and who know only the policymaker hewn in granite and praised in stock phrases." In the opinion of KANSAN UUTISET, even now there are discernible signs that "people also want to use Paasikivi's diary entries to harm the current friendship policy. Materials are to be found for that, too. So the possibility exists for a paradoxical situation in which Paasikivi's diary entries are used to damage a policy which goes under his name. Such phenomena must be averted." [Text] [Helsinki HELSINGIN SANOMAT in Finnish 22 Nov 85 p 16] 12327

CSO: 3617/38

POLITICAL

GREECE

GOVERNMENT ACCUSED OF USING DIVERSIONARY TACTICS

Athens ENA in Greek 31 Dec 85 p 13

/Article by Panos Loukakos: 'The Wolf and the Turks' /

/Text/ "Help, a wolf is coming," cried the shepherd boy to have fun with those who rushed to kill the imaginary wolf. They came once, they came twice, they came three times, and the shepherd boy had a lot of fun. Then the real wolf came and the shepherd boy cried out again but no one came. The wolf ate the sheep undisturbed.

The moral of this fable is that one should not deceive his fellow man; that if one lies about certain conditions, either to have fun or for other reasons, he is risking his credibility when the false conditions become reality.

The government seems to know this fable well but does not seem to get its moral. This became most evident in the last few days.

We had the economic measures--this heavy brick that fell on the heads of the unsuspecting Greeks who were expecting even better days. But before the brick fell, this is what happened:

We opened the Cyprus file, this non-existent file whose opening the government promises every time it faces big problems. At the same time we threw out of Northern Greece nuclear weapons. In reality, NATO had decided to remove these weapons some time ago because they were obsolete and useless. To be precise, it was NATO, not the Greek government, that took out the weapons. This, however, did not prevent the government from boasting.

And while we are opening the Cyprus file and taking out nuclear weapons, we announced the economic measures as an incidental occurrence. Unfortunately, the people do not understand the seriousness of the situation and while we wage the battle for truth and national independence, they go to the streets and demonstrate as they should not.

Then to persuade the unbelievers some terrible things began to happen: American planes enter the Aegean; American and Turkish planes violate Greek air space; and at the same time church property is confiscated and given to

the people. Under such circumstances one is at least unpatriotic by demonstrating against the economic measures. One who thinks more of his pocket when the enemies of the national violate the Aegean is at least an enemy of the country. One is at least stupid not to see that soon he will receive a portion of church property to solve his economic problem in the near future. Therefore, no strikes, no demonstrations or protests.

But this game has been played too many times, so it has lost its credibility. Its objectives are too obvious. Besides, it lacks imagination. The same issues come back again and again every time the government faces some problems: The Turks are violating our air space, the Americans do not respect us, nuclear weapons are gone, the Cyprus file is being opened. The game is known and therefore it cannot work. And that is the major danger, because it may develop like the fable of the shepherd.

Nothing rules out that at some point a real crisis may develop in the Aegean. Nothing rules out that the Turkish threat will take on a new dimension. The government knows this well; and so do those who have even elementary knowledge of the problem in the Aegean. Should anything happen, who is going to convince whom that something is indeed happening?

There are some issues the government can play with when it faces problems. And there are other issues with which it should not play. The Aegean is one of them. The problem is too serious to be used for domestic diversion, provided, of course, the government wants to retain its credibility and mobilize the people at a critical moment.

Therefore, the people should be suspicious that something bad is going to happen every time they hear the Cyprus file is being opened or we proudly throw out nuclear weapons. With regard to the air violations, the official of the Foreign Office should remember the fable of the shepherd boy.

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CSO: 3521/36

POLITICAL

GREECE

POLL RESULTS ON POPULAR ACCEPTANCE OF U.S. BASES

Athens I VRADYNI in Greek 30 Oct 85 p 5

/Text/ The majority of Greeks wants the American bases to remain even after 1988 when the agreement expires in order to avoid weakening our national defense. On the other hand, the greatest percentage of Greeks ask that the relations between Greece and the U.S. be dependent on the future attitude of the latter toward us. This data was derived from a poll EURODIM conducted last June and used in the Clark Report submitted to the parliamentary session of the North Atlantic Alliance. Specifically, the question asked was:

"In 1988 when the agreement for the bases expires, it is possible that Greece may decide on their removal. If that happens, some people believe that if the U.S. stops the 70 billion drachma assistance it gives us there will be danger of our defense being weakened. Do you believe the Greek government should:" (%)

Year	1985
Month	June
Keep the bases to avoid weakening our national strength	85
Remove them because there will be no serious danger to our defense	47
No answer	5

The table below refers to Greek-American relations. Forty two percent of those asked side with their dependence on the future U.S. attitude towards Greece. On the other hand, 30 percent desire the gradual improvement of these relations compared to 22 percent in 1982:

Do you believe Greek-American relations should: (%)

Month Year	Jun 85	Apr 85	Jan 85	Oct 84	Apr 84	Oct 83	Apr 83	Sep 82	Mar 82	Nov 81	May 81	Nov 80	Mar 80	Oct 78	Oct 74
Improve slowly	39	34	39	32	28	26	28	25	22	36	31	28	26	30	40
Remain as they are	9	6	6	9	3	7	3	4	8	7	6	4	8	6	9
Depend on the U.S. attitude toward Greece	42	46	93	42	48	50	56	46	39	41	30	32	36	40	1
Be severed completely	9	12	11	17	22	17	12	23	26	24	29	33	27	18	31
No answer	1	2	1	0	1	0	1	2	5	2	4	3	3	8	19

In the following table, 37 percent of those asked sided with the bases remaining in Greece. Also, 37 percent want the removal of the bases in a few years while 24 percent want their removal "here and now."

"For many years now we have had bases in Greece for the American military planes and ships. Today, some people want these bases removed. Do you think the American bases should:" (%)

Month Year	Jun 1985	Apr 1984	Oct 1983	Apr 1983	Sep 1982	Mar 1982	Mar 1981	Nov 1980
Remain	37	26	22	24	21	20	33	31
Be removed	61	73	76	72	79	73	57	57
In a short while	37	38	46	36	*	*	*	*
Right now	24	35	30	36	*	*	*	*
No answer	2	1	2	4	9	7	10	12

The next table shows that 39 percent of those asked want the country to say in NATO. This percentage has steadily increased since October 1979 when it was as low as 10 percent. However, 44 percent want withdrawal from NATO. This percentage has decreased continuously since 1981 when it started with 51 percent and reached 57 percent in 1984.

"As you know, Greece left NATO's Military Organization /M0/ but remained in the Political Alliance. Today Greece has rejoined the Alliance's military arm. Do you think Greece should:" (%)

Month Year	Jun 85	Apr 85	Jan 85	Oct 84	Apr 84	Oct 83	Apr 83	Sep 82	Mar 82	Nov 81	May 81	Nov 80	Mar 80	Oct 79
Stay in the M0	39	34	33	35	21	20	18	17	18	23	27	23	19	10
Leave the M0 and stay in the Political Alliance	16	15	20	20	21	25	27	28	23	23	25	30	35	36
Leave NATO completely	44	49	46	44	57	52	54	53	55	51	40	38	37	30
No answer	1	2	1	1	1	3	1	2	4	3	8	9	9	24

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CS0: 3521/36

POLITICAL

GREECE

PASOK ALLEGEDLY URGED TO ADOPT 'RIGHTIST' COURSE

Athens 1 VRADYNI in Greek 4 Nov 85 pp 1, 3

/Excerpt/ Top government and PASOK cadres are recommending to Premier Papandreou "an opening to the Right" and are warning him that this is the only way to cope with the economic crisis which plagues the country and halt the rapidly on-coming catalytic political repercussions.

The turn to the Right in the economic policy is PASOK's last "desperate maneuver" and is supported by advisors to the premier in two ways: The first refers to the developmental measures to be announced soon and the second to persons who will bring about the economic policy's implementation or whose presence in the government will at least guarantee to the investors and the people the economy's sound course.

As concerns the first, reliable sources say the premier has already been persuaded and that the developmental measures he is about to announce--as "oxygen to the asphyxiating economy"--will be of "Right character" in order to draw the Greek and foreign private capital.

With regard to the second recommendation, the participation, that is, in the government of personages and technocrats of center-rightist ideology, the premier has not yet reached a definite decision. It is certain, however, that the government will be restructured by the end of the year, while other sources place it at the time when the new budget will be drafted in the Chamber of Deputies (middle of December). Yesterday's article in the pro-government ETHNOS on this question of the appointment of center-rightist personages is characteristic /of speculations/.

Those who recommend the solution of "a broader government" propose to Papandreou the inclusion in it of technocrats such as Xen. Zolotas, professor and former governor of the Bank of Greece, Prof. Ad. Pepelas, a friend of Papandreou, but also a ND Party collaborator having served as governor of the Agricultural Bank under ND, and the former EEC Commissioner G. Kondogiorgis. However, their participation in the new government is not guaranteed.

The same persons proposed to the premier not to limit "this opening" to the economic sector only but to expand it to the political sector also so that

the "climate of confidence" we are trying to restore in the economy should be built on foundations of political nature as well.

Politicians Too

Among the names suggested to Papandreou are those of I. Boutros, I. Pasmazoglou and Dion. Livanos (in the recent elections all were elected under the ND banner), G. Mavros and I. Zigidis. Others are suggesting cooperation with the Democratic Renewal of Kon. Stefanopoulos even though he has declared in favor of the "consensus process" and refuses to cooperate with the PASOK government.

Those who suggest this solution point out to the premier that a government on a broader basis could restore a "consensus climate" and the political dialogue which in recent years is in essence absent. The reference yesterday to this solution by the pro-government TO VIMA is characteristic (the gravity in the political confrontation is intensified because of the lack of political dialogue which has now taken the form of acrimony).

In the discussions that have already taken place between the premier and those who propose this solution, all the possibilities were examined and analyzed in the event this solution is adopted--such as the political cost PASOK will suffer from the Left and the "price" it will pay to these political personages for such cooperation with the government.

The "plain proportional" election system is proposed as such a price--a concession which would "appease" the Left. But the scenario of the simple proportional is linked to the scenario of Papandreou becoming president of the Republic as the pro-government ETHNOS also mentioned in an article yesterday.

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POLITICAL

GREECE

CHANGES, MOVES FORESEEN WITHIN PASOK

Athens 1 KATHIMERINI in Greek 2 Dec 85 pp 1, 3

/Article by Nikos Simos: "Developments Within PASOK in Anticipation of Cabinet Reshuffling"/

/Excerpts/ The prospect of a government reshuffling, which in any event was scheduled for next February before the recent disagreements within PASOK, continue to be the premier's real intention. More than that, Laliotis' recent resignation and its negative impact on the Movement's Left wing and on a section of the electorate--which is certainly affected by another indication of the multi-sided ideological and personal structure of the party on which it placed its hope--may speed up the reshuffling even before February.

According to PASOK circles, the premier's thinking is formed with two targets in mind. First, to tone down by any means and with some impressive move the clouded atmosphere caused by the economic measures. Since the "specifications" of the EEC loan and the economic reality itself "guarantee" the prospect of a possibly stricter package of economic measures, the projection of a political event which will keep the public preoccupied for a few weeks is considered by Papandreou not only desirable but necessary.

The necessity for such a disorienting maneuver is being reinforced by the impression created with the sequence of deplorable events which took place in the last 2 weeks (the disturbances in Athens by the anarchists, air piracy, bomb explosions).

Shifting Responsibility

Papandreou's second target is tied to the opportunity offered by the pretext of "reshuffling" to get rid of certain individuals who, in this way, would be saddled with the cost of the government's failure, since it is increasingly difficult for Papandreou to distance himself from the errors of ministerial choices and actions--in their implementation--in order to preserve the myth of the premier's infallibility.

According to PASOK circles this objective was predetermined by Papandreou long before his decision to impose economic measures. K. Laliotis was one of the main

"targets", a fact which disassociates the causes of his resignation from the rumors about the premier's objections concerning National Radio and TV /ERT/ or the deterioration of the government's decay from the way he was conducting the briefings.

Included in the forthcoming changes, according to the same sources, is the minister of labor, but this does not mean the fate of Giannopoulos, whose position until now was unshakeable, is already set. The impression that the appointment of the new Press Deputy Minister M. Papaioannou is temporary is created by the government's actions on the question of the daily briefings of the political editors. Both Andonis Stratis and the former government spokesman D. Maroudas opposed the abolition of this briefing. Thus, the rumors about the latter's return to his previous post are rekindled.

Other Differences

In the context of possible cabinet changes one should evaluate (a) the silent conflict between Interior Minister M. Koutsogiorgas and his alternate A. Tsouras; (b) the disagreements between Lefteris Verivakis and Vaso Papandreou who has "absorbed" a considerable part of the former's duties; and (c) the declining prestige of Justice Minister G. A. Mangakis because of the decisive stand of the lawyers

At the same time the rumor is daily gaining ground that journalist Efst. Efsthadiades will replace I. Kapsis in the event the latter is moved from the post of deputy foreign minister.

Minister of Health and Welfare G. Gennimatas is also a potential target in a cabinet reshuffling in the context of the premier's effort to consolidate in the outside world the impression of a centrist policy, which would indicate not so much a decisive ideological shift but an adjustment of the premier to real needs.

Koutsogiorgas appears to be the spokesman for this policy, taking advantage of his party's origins. Today he is allowed to be the dominant figure in PASOK for an additional reason: he "guarantees" the survival of successors, both political and family relatives, Kastro would select.

However, the reshuffling is also seen as a threat by the premier against the disagreeing members of the ministerial council which expresses to the outside world not only their panic from the political developments but also their disappointment in their puppet behavior in the council meetings. Not only are decisions not made there, as the ministers themselves acknowledge, but they are also forced to listen to the premier's monologues and then "ratify" decisions already made.

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CS0: 3521/53

POLITICAL

GREECE

POOR STATE OF NATIONAL EDUCATION DEPLORED

Athens I KATHIMERINI in Greek 21 Dec 85 p 5

[Text] This column has concerned itself repeatedly with the situation in the Supreme Educational Institutions (AEI) and has pointed out the dangers, if this situation continues, that the degrading of university studies and advanced education generally will entail for the very foundations of the nation. A recent event has come to illuminate with a dramatic light the literally deplorable level of these studies and the extent to which the diplomas granted by our AEI's are lacking any substantive weight.

This event concerns the entrance examinations to the newly established Public Administration School, whose results were announced on 11 December. A required formal qualification for those taking the examinations was a degree in advanced education. And some of those who took part in the examinations had also done graduate studies abroad.

Thus, of the 1,080 people who registered for and were accepted for participation in these exams (as being in possession of the formal qualifications required by law), only 383 took the exams. The only logical explanation for the ultimate nonparticipation of the remaining 697 people is that at least most, if not all, of these realized and acknowledged that their schooling did not come up to even the minimum standards, not simply for admission to the Public Administration School, but even for merely participating in the exams without getting scores that would be humiliating for the parties concerned.

Of the 383 who took part in the exams, how many do you think passed--that is, measured up to the standards? Only 29! Of these, 23 are private citizens and 6 are public employees. As for the formal qualifications, 13 have degrees from various departments of the law school--we apologize for not knowing yet all the new subfields and designations--while 5 have degrees from the Pandeios Supreme School of Political Sciences (PASPE), and 3 have degrees from the Supreme School of Economic and Commercial Sciences (ASOEE). Of the 29 who passed, 3 have taken graduate studies, while of all those who took part in the exams the number who had done graduate studies abroad was in excess of 100 persons.

The topics, which were designed to be not at all particularly difficult, especially for graduates of advanced education schools, were: The history

topic was the constitutional modifications of 1911. The economics topic was the problematics of dealing with the currency crisis. And the topics in law were "the means of defense available to a person under administrative rule against the illegal acts of such an administration" and "the relations between parliament and the government."

These topics are practically elementary for graduates of the respective branches (political science, economics, and law). But 354 graduates in these branches (with more than 100 having graduate studies) were unable, to a merely passable degree, to expound on these topics, which have been a part of the basic elements of the subject matter of their studies.

Thus, one understands what the true level of these studies has been and how much value the degrees have that are granted by our supreme educational institutions, and what the entire intellectual content is of that which they impart--or rather, fail to impart--to those who study in them. But also it is understood what, in essence and in reality, the "graduate studies" are that many (not all, thank God) are taking abroad, and in doing so spending also the very valuable foreign exchange of the Greek State.

And the blame for this sorry state--a true shame and disgrace for our country--lies equally with those who pursue and those who grant degrees without any substantive weight, and with all of those who have created and who sustain--for reasons of political vote-getting, accompanied by populist "formulas"--the climate of unaccountability and laxity in the sector of advanced education (or, rather, lack of education).

At a time when the very being of peoples and nations and their survival as autonomous units depends on the level of their science and technology and their overall leadership force, a lack of education is tantamount essentially to suicide or a deliberate falling into dependence and decay. This is true especially and particularly for a nation of small numbers such as Greece, which only by promoting the qualitative categories can cope with and counterbalance the quantitative magnitudes associated with the intrigues that surround it.

12114

CSO: 3521/67

POLITICAL

GREECE

NEWSPAPERS' CIRCULATION, FLUCTUATION COMPARED

Athens MESIMVRINI in Greek 2 Nov 85 p 4

[Text] It is interesting to compare the circulation of the Athens newspapers on Thursday 31 October 1985 and that of Thursday 3 November 1983:

<u>TITLES</u>	<u>31 Oct 85</u>	<u>3 Nov 83</u>
AKROPOLIS	9,230	13,110
I AVGHI	4,030	5,040
RIZOSPASTIS	28,240	25,085
I KATHIMERINI	15,753	15,340
TA NEA	94,495	109,095
I VRADYNI	35,285	35,785
ESTIA	6,105	6,815
ELEVETHEROTYPIA	55,590	46,090
MESIMVRINI	24,794	17,220
ELEVETHERI ORA	805	2,195
APOGEVMATINI	62,012	81,300
AVRIANI	70,490	43,260
ETHNOS	87,670	120,780
ELEVTHEROS TYPOS	37,705	23,255
Total	532,126	544,270

A review of the figures shows that:

- Total circulation this year has diminished by 12,444 in the area of the capital.
- The 8 conservative newspapers lost a total of 3,409 readers, having gone from 195,020 to 191,611 papers.
- The 4 newspapers following a pro-government policy lost 3,409 readers, that is, down from 319,225 to 308,245 papers.
- The two leftist newspapers (RIZOSPASTIS and I AVGI) boosted their readership by 2,145.
- Among conservative newspapers, MESIMVRINI, I KATHIMERINI and ELEVTHEROS TYPOS increased their readership. From the pro-government newspapers, ELEVTHEROTYPIA and AVRIANI also went up, as did the RIZOSPASTIS in the leftist field.

Figures are only for Athens-Piraeus circulation.

Among those newspapers that cost 40 drachmas, it seems that mainly the moderate ones and those critical of the government are gaining ground.

/7358

CSO: 3521/48

POLITICAL

GREECE

BRIEFS

PRESIDENT'S CHANGING MEN--The director of the president's of the Republic Press Office changed for the third time (the last one, we hope) during the Kh. Sartzetakis presidency. The first director was Stefanos Sigalas who was appointed when I. Alevras was alternate president of the Republic. He stayed when Sartzetakis was elected but resigned 4 months later when Mikhalis Vaoutsis was appointed in his place. Vaoutsis too resigned 2 days ago. The new director is Filippos Karytinis who has studied political science in Italy and was employed in the Press and Information General Secretariat. /Text/ /Athens TO VIMA in Greek 3 Nov 85 p 48/ 7520

CSO: 3521/36

POLITICAL

NORWAY

SLIGHT DECLINE IN TRADE WITH SOUTH AFRICA REGISTERED

Oslo AFTENPOSTEN in Norwegian 28 Dec 85 p 7

[Article by Roar Ostgardsgjelten]

[Text] There was a slight reduction in Norway's trade with South Africa in the first 10 months of this year. But Norwegian ferro-alloy companies have become more dependent on manganese ore imported from South Africa according to a survey prepared by the Ministry of Trade.

Total commodity trade with South Africa declined by 4.5 percent or 28.3 million kroner in the first 10 months of the year compared to the same period in 1984. The decline, the first since 1981, was due primarily to a volume reduction in imports of copper-nickel plate, crude phosphate, fruit and vegetables and in exports of machinery, canned fish, paper products and silicon carbide.

Imports of products from South Africa declined by 14 percent or 40.1 million kroner in the period from January through October 1985. Imports of fruit and vegetables declined by 77 percent or 33.2 million kroner. Imports of copper-nickel plate fell by 34 percent or 15.1 million kroner while the value of imported crude phosphate fell by 57 percent or 20.4 million kroner.

However imports of manganese ore, which is used by the ferro-alloy industry, showed a value increase of 53 percent and a volume increase of 45 percent. The ferro-alloy industry imported 56.1 million kroner worth of manganese ore in the first 10 months of the year.

Imports of electrolytic manganese metal, which is used by the ferro-alloy industry and the aluminum industry, also rose. The value of the imported electrolytic manganese metal rose by 33 percent or 1.5 million kroner while the volume increased by 1.4 percent.

If we ignore the value increases for manganese ore and electrolytic manganese metal, total commodity imports from South Africa fell by 34 percent in the first 10 months of the year, according to the Ministry of Trade.

The value of Norwegian exports to South Africa showed little change in the first 10 months of the year.

6578

CSO: 3639/51

POLITICAL

NORWAY

BUDGET CRISIS LESSON: PROGRESSIVES PART OF GOVERNING BASE

Oslo AFTENPOSTEN in Norwegian 28 Dec 85 p 3

[Commentary by Lars Hellberg: "Better Government Model Needed"]

[Text] The lesson of this fall's political circus is crystal clear. The government's base is a nonsocialist majority that includes the Progressive Party. The four parties must join forces to find a cooperative model that will guarantee a steady nonsocialist course. At the same time the coalition parties must try to keep the fifth columnists in their own ranks, namely the handful of people who would prefer a socialist government rather than the continuation of nonsocialist rule, under control.

There is no reason to question the loyalty of either the Center Party or the Christian People's Party to the nonsocialist coalition. Both on the government level and in Storting the leaders of the middle parties have regarded ensuring the government's long-term political goals, as expressed in its long-term program, as the prime objective. But the coalition's overall problem is two-sided, one side being the Progressive Party and the other the opposing forces in its own ranks.

If it fails to deal with this two-sided problem things could really fall apart. There is no reason to hide the fact that we have already started off in the wrong direction. It is true that the four parties agreed on a last-minute budget compromise before Christmas. But by then a reasonable spending limit for a national budget had already been exceeded by a wide margin.

Compromises

The Progressive Party could never become a partner in the nonsocialist coalition. But the Storting produced by the last election must be one of compromises. The Labor Party and the Socialist-Left Party are not seeking cooperation but confrontation. This means that whether it wants to or not the government must seek the support of the Progressive Party in order to ensure majority support for its policies. Otherwise the result will be a Storting majority in favor of a different policy or reliance on shifting majorities to pass policy resolutions that lack coherence.

One could say that the task of Prime Minister Kare Willoch and his colleagues is to neutralize the Progressive Party. That can only be done by treating Carl I. Hagen with the respect he is entitled to as a legally elected member of the national assembly. In brief the government must find ways that will enable it to govern. A continued nonsocialist government is not an end in itself. The overriding goal is to guarantee a government that can promote nonsocialist policies.

Political Agreement

When some representatives of the middle parties stated quite seriously that the budget compromise was not a political agreement, the immediate effect was laughable. The government will not get peaceful working conditions before it starts thinking in terms of a four-party model. This can easily be done in many contexts without compromising the government politically.

As an example of how little this would take, let me mention two episodes in December. During the foreign policy debate the chairman of the Foreign Affairs Committee, Jan Petersen, recommended on behalf of the three government parties that a Labor Party proposal be sent to the government without voting on its substance. It had been found necessary to enlist the support of the Progressive Party before making the recommendation to send the Labor proposal to the government. It would not have cost anything to make the recommendation on behalf of the four parties that make up the government's parliamentary base. The same argument applies to a joint nonsocialist bill that was changed after consultation with Hagen during the debate on the Social Affairs Ministry's budget.

Generosity

On the Monday before the budget balancing debate Storting appointed a number of members to various boards and advisory councils. Among the hundreds of names, according to Hagen, there was not a single member of the Progressive Party, which could certainly have come up with the names of a few people who could serve as board members on the board of directors of a local bank. Generosity on the part of the coalition on this type of thing would be a profitable investment.

But the main point is to find a model for consultation and cooperation that is based on real political differences. There is no reason why the coalition should not team up with the Progressive Party on matters where all four parties have similar interests. And the government has nothing to lose by acting with flexibility in situations in which fundamental political principles are not at stake.

As long as the coalition acts in a generous and responsible manner, Hagen cannot bring it down without destroying his own party in the process. When the Labor Party and the Socialist-Left hold out stubbornly, it is natural, as Prime Minister Kare Willoch pointed out last week, to seek contact with representatives who are not trying to mobilize a majority against the

government. The parliamentary leader of the Christian People's Party, Harald Synnes, was equally clear when he pointed out somewhat cautiously in the budget balancing debate that the government is in office because the Progressive Party stated a desire for a continued nonsocialist government.

Fifth Columnists

The framework is there. The question is how well the government parties will be able to make use of it. In certain situations their freedom of action is limited by the fifth columnists in their own ranks. It was this small group the opposition appealed to in the budget balancing debate when it concentrated exclusively on the fickle attitude of the middle parties toward Carl I. Hagen and the Progressive Party. The prime minister and the Conservative Party, who had less reason to be satisfied with the details of the budget compromise than anyone else, were not attacked at all.

With regard to the Labor Party and the middle parties it is tempting to quote former Prime Minister Odvar Nordli: "When an elephant initiates a relationship with a mouse a lot can go wrong." Before Christmas the leaders of the Labor Party were trampling around like an elephant in a shop full of glassware. In one breath they heaped scorn on the middle parties' spending alliance with Hagen and in the next they were inviting the same parties to work with them. The opposition was totally blind to the fact that both the Christian People's Party and the Center Party honestly feel the compromise is better than the government's original proposal.

Welded Together

Willoch should thank Gro Harlem Brundtland for helping to weld the coalition more firmly together in this way. At any rate she did not touch the leaders of the two parties. The question is whether the hamhanded advances were not aimed more at the fifth columnists who are looking forward to the collapse of the coalition, as we all know.

One of them offered before Christmas to bet a bottle of a vintage beverage that Hagen would never work himself up to bringing down the government. But his offhand remark was more interesting than the bet itself: "We won't get any help there. We'll have to do the job (overthrowing Willoch) ourselves," as the person in question put it.

Unpredictable

When it comes to those who can with a clear conscience be called the socialists in the Center Party and the Christian People's Party, it is impossible to make any predictions. But here too, the better the government model the coalition arrives at, the harder it will be for them to undermine the cooperation. Paradoxically, clarifying their relations with Hagen will also be the best way for the parties to keep the unruly elements in their own ranks under control. Without this kind of clarification, the government cannot expect to remain in power for very long.

6578

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POLITICAL

NORWAY

POLL SHOWS SLIGHT GAIN FOR LABOR, SETBACK FOR CONSERVATIVES

Oslo AFTENPOSTEN in Norwegian 28 Dec 85 p 3

[Unattributed article: "Labor on the Rise"]

[Text] Total support for the Labor Party and its support parties has risen. The three government parties and their support party, the Progressive Party, are behind. That is the situation in the December political barometer from Gallup/Norwegian Opinion Institute [NOI]. Because of the Christmas holiday the poll was taken somewhat earlier in the month than is normally the case.

In the period from 5 to 15 December, 51.4 percent of those asked supported the Labor Party, the Socialist-Left Party and the Liberal Party while 46.9 percent gave their support to the Conservative Party, the Center Party, the Christian People's Party and the Progressive Party. This represents a 0.6 percent gain and a 1.3 percent loss respectively in comparison with the November poll. The biggest changes--in a negative direction--were noted for the Conservative Party and the Center Party. Support for the Labor Party was up to 43.0 percent--the highest level in a very long time.

The figures in the following table show how many people would vote for each part if we had a Storting election tomorrow. Only those who were sure they would vote were counted. They were also asked which party they voted for in the 1985 Storting election. The difference between support shown for the individual parties in response to this question and the actual election results in 1985 was used as a weight factor.

Interviews were conducted in the period from 5 to 15 December 1985 by Gallup/NOI.

Stor- tings- valg 1981	1985 Jan. %	Feb. %	Mars %	April %	Maj %	Juni %	Aug. %	Stor- (1) tings- valg 1985				Nov. %	Des. %
								Sept.	Ok.	Nov.	Des.		
Ap.(2).....	37.1	40.3	39.4	38.7	38.2	38.9	37.6	37.3	40.8	41.6	41.9	42.6	43.0
DLF(3).....	0.6	0.0	0.8	0.2	0.5	0.1	0.3	0.6	0.5	0.6	0.5	0.0	0.3
Fr.p.(4).....	4.5	6.2	4.9	4.4	6.1	4.0	3.3	4.1	3.7	4.5	4.1	3.1	3.1
H(5).....	31.8	30.6	30.8	32.6	30.6	31.9	33.5	32.8	30.4	29.0	29.8	31.1	30.3
Kr.F.(6).....	9.3	8.6	8.2	8.2	8.3	8.7	8.7	8.9	8.3	7.4	7.6	7.5	7.3
NKP(7).....	0.3	0.0	0.1	0.4	0.3	0.1	0.3	0.3	0.2	0.2	0.1	0.0	0.1
RV(8).....	0.7	1.0	0.8	1.0	0.9	0.9	0.5	1.3	0.6	0.6	0.7	0.7	0.6
Sp.(9).....	6.6	5.2	5.5	6.6	7.3	6.5	5.8	5.3	6.6	6.2	6.3	6.5	5.8
SV(10).....	5.0	4.7	5.0	4.5	5.3	5.2	5.9	5.7	5.5	6.3	5.8	5.7	5.7
V(11).....	3.9	3.4	4.4	2.7	2.3	3.3	3.7	2.9	3.1	3.3	2.7	2.5	2.7
Andre..(12).....	0.2	0.1	0.1	0.7	0.3	0.3	0.5	0.3	0.4	0.4	0.0	0.4	0.6
Sum:....(13).....	100.1	100.1	100.0	100.0	100.1	99.9	100.1	100.0	100.1	100.1	100.0	100.1	99.1
Ap. + SV .(14).....	42.1	45.0	44.4	43.2	43.5	44.1	43.5	43.0	46.3	47.9	47.7	48.3	48.7
H + Kr.F. + Sp.(15)	47.7	44.4	44.5	47.4	46.2	47.1	48.0	47.5	45.3	42.6	44.2	45.1	43.8
Ap. + SV + V ..(16)	46.0	48.4	48.3	45.9	45.8	47.4	47.2	45.9	49.4	51.2	50.4	50.8	51.4
H + Kr.F. + Sp. + Fr.p.(17)	52.2	50.6	49.4	51.8	52.3	51.1	51.3	51.6	49.0	47.1	48.3	48.2	46.9

Gallup/NOI/AFTENPOSTEN Political Barometer

Key:

1. Storting election
2. Labor Party
3. Liberal People's Party
4. Progressive Party
5. Conservative Party
6. Christian People's Party
7. Norwegian Communist Party
8. Red Election Alliance
9. Center Party
10. Socialist-Left Party
11. Liberal Party
12. Other parties
13. Total
14. Labor + Socialist-Left
15. Conservatives + Christian People's Party + Center Party
16. Labor + Socialist-Left + Liberals
17. Conservatives + Christian People's Party + Center Party + Progressives

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POLITICAL

PORTUGAL

POLL SHOWS PINTASILGO-FREITAS STRUGGLE IN SECOND ROUND

Lisbon O JORNAL in Portuguese 13-19 Dec 85 p 6

[Text] Beyond being the candidate who would probably gather the most votes in the presidential elections' first round, Freitas do Amaral could possibly beat any of his adversaries in the second round, but the candidate with the greatest possibility of facing him at that time is Maria de Lourdes Pintasilgo, according to a Marktest poll conducted exclusively for our newspaper.

The study points to the possibility that the "undecided" could assume a decisive role in these elections, just like it happened in previous ones. Indeed, considering only the debate between the candidates who are supposed to have the most chances in a second round (Pintasilgo-Freitas do Amaral), it appears that 8.8 percent of the respondents affirm that they have no choices, and 10.8 percent have no opinion.

Thus, if the first round would have taken place at the time the poll was conducted (7, 8 and 9 December), and taking into account the fact that there are four candidates (Freitas do Amaral, Salgado Zenha, Lourdes Pintasilgo, and Mario Soares), it can be concluded that the first would obtain 32.4 percent of the vote, the second 12 percent, the third 20.1 percent, and the fourth 11.2 percent.

Additionally, Freitas do Amaral would receive more support in Porto than in Lisbon: 38.4 percent, as against 27.1 percent. The difference is more marked when the question is considered in terms of the north and the south. In the first round, Freitas would receive in the north 43.4 percent, and in the south 33 percent.

In a possible second round contest between Freitas do Amaral and Lourdes Pintasilgo, some curious facts can be noted. Pintasilgo would have the advantage in Lisbon, in the southern area, among those between 23 and 34, and 35 to 44 years of age, as well as among women. In this last case, the difference does not even reach one percentage point.

In terms of choices, in the legislative elections, it is noted that the CDS electorate would not give any percentage to Lourdes Pintasilgo. On the other hand, it appears that 5.7 percent of the electorate of the PSD would

opt for Pintasilgo and that 13.2 percent of the voters who chose the PRD in the legislative elections would vote for Freitas do Amaral.

Finally, it should be noted that Mario Soares continues to be the candidate with the least chance to beat Freitas do Amaral. In a direct confrontation with the latter in a second round, Soares would obtain 29.6 percent, as against 39.5 percent for Freitas do Amaral; Zenha would obtain 35 percent, as against 41.7 percent for Freitas, and Pintasilgo would receive 38.9 percent, as against 41.6 percent for Freitas.

Em quem vota (1)

	Região (2)					Idade (3)					Sexo (4)		Voto anterior para a AR (5)				
	Total	Lisboa	Porto	Norte	Sul	18/24	25/34	35/44	45/54	+55	Masc.	Fem.	PS	PSD	APU	CDS	PRD
Salgado Zenha	12,0	12,8	8,9	13,1	11,9	11,9	14,3	14,3	12,2	6,4	15,5	8,4	12,4	2,4	27,0	0,0	39,2
Freitas do Amaral	32,4	27,1	38,4	43,4	33,0	35,8	24,1	25,1	38,1	42,1	34,5	30,2	7,7	78,3	3,6	88,3	2,9
Lourdes Pintasilgo	20,1	21,3	17,9	6,3	31,2	16,5	22,8	27,7	9,6	20,0	16,4	23,9	23,4	4,2	62,8	0,0	46,2
Mário Soares	11,2	10,6	8,9	15,5	12,1	13,9	9,6	9,5	14,6	9,7	11,8	10,6	47,0	3,8	0,0	0,0	4,8
Nenhum (6)	7,0	7,4	5,4	9,7	5,2	9,5	11,8	5,8	5,4	1,6	7,1	7,0	3,5	6,5	3,6	0,0	0,0
Sem opinião (7)	17,3	20,7	20,5	12,1	6,6	12,3	17,3	17,5	20,2	20,2	14,8	19,9	6,0	4,7	3,0	11,7	7,0

Segunda volta em quem votaria (8)

	Região					Idade					Sexo		Voto anterior para a AR				
	Total	Lisboa	Porto	Norte	Sul	18/24	25/34	35/44	45/54	+55	Masc.	Fem.	PS	PSD	APU	CDS	PRD
Lourdes Pintasilgo	38,9	40,4	33,9	27,7	49,8	30,1	42,4	52,3	32,6	33,2	38,2	39,6	63,8	5,7	92,3	0,0	76,9
Freitas do Amaral	41,6	38,3	43,7	54,6	38,4	45,1	34,2	36,3	48,9	46,7	44,2	38,9	19,9	88,4	3,6	88,9	13,2
Nenhum	8,8	9,0	10,7	9,4	4,8	16,6	14,3	2,6	8,3	1,9	9,4	8,1	10,9	4,7	3,6	0,0	7,4
Sem opinião	10,8	12,2	11,6	8,3	7,0	8,3	9,1	8,8	10,3	18,2	8,2	13,4	5,5	1,1	0,4	11,1	2,5

	Região					Idade					Sexo		Voto anterior para a AR				
	Total	Lisboa	Porto	Norte	Sul	18/24	25/34	35/44	45/54	+55	Masc.	Fem.	PS	PSD	APU	CDS	PRD
Mário Soares	29,6	27,7	28,6	30,8	36,3	23,4	30,5	32,1	34,3	26,3	31,4	27,7	83,7	6,3	34,3	0,0	46,7
Freitas do Amaral	39,5	34,0	42,9	49,9	44,4	48,5	35,0	32,9	38,0	43,9	40,3	38,6	7,9	83,8	17,6	88,9	13,8
Nenhum	17,8	22,9	15,2	6,5	12,3	21,4	20,7	22,1	15,3	7,6	16,3	19,4	4,0	4,1	47,7	0,0	26,2
Sem opinião	13,1	15,4	13,4	10,8	7,0	6,7	13,8	12,9	12,5	19,9	12,0	14,3	4,4	5,9	0,4	11,1	1,3

	Região					Idade					Sexo		Voto anterior para a AR				
	Total	Lisboa	Porto	Norte	Sul	18/24	25/34	35/44	45/54	+55	Masc.	Fem.	PS	PSD	APU	CDS	PRD
Salgado Zenha	35,0	36,3	34,8	24,1	34,0	26,9	40,8	47,3	29,2	27,0	36,5	33,5	34,4	4,6	77,3	0,0	84,7
Freitas do Amaral	41,7	35,1	43,7	55,3	49,4	49,5	36,7	33,5	43,6	47,4	43,8	39,5	23,4	89,5	11,4	88,9	6,7
Nenhum	11,3	13,3	8,9	9,4	9,0	15,8	12,1	9,6	12,9	6,2	9,3	13,5	16,7	4,5	10,9	0,0	3,9
Sem opinião	12,0	13,3	12,5	11,2	7,6	7,8	10,4	9,5	14,2	19,5	10,4	13,7	5,5	1,4	0,4	11,1	4,8

Key:

- Candidate preference
- Region
- Age
- Sex
- Previous preference in the legislative elections
- None
- No opinion
- Candidate preference in the second round

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POLITICAL

PORTUGAL

SOARES SEEN AS TRUE CANDIDATE OF RIGHT

Lisbon EXPRESSO in Portuguese 13 Dec 85 p 3

[Article by Jose Antonio Saraiva: "Soares: The Siren Song"]

[Text] Unlike what has been written, there is not "one candidate of the right and three of the left."

The division is different.

On one side are Freitas do Amaral and Mario Soares, whose candidacies were well received by the center and the right, and whose election would be taken calmly by these two sectors.

On the other side are Lourdes Pintasilgo and Salgado Zenha, who are only enthusiastically received by the left and who would trouble the right and the center if they were elected.

The proof that this is a proper division of the candidates is to be found in the statements that Soares has been making recently.

Note: To whom is Soares speaking?

Is he speaking to the left, in an attempt to call to its attention the dangers of an eventual Freitas do Amaral victory?

No.

Soares is speaking to the right, in an effort to foment fear in its midst.

He talks about the risks present in Maria de Lourdes Pintasilgo's "populism" (going no further in his attack against the lady engineer since she is more his ally than his adversary as long as she is stealing votes from Salgado Zenha).

He speaks about the "popular front" tendencies of Salgado Zenha, warning the country that his victory in January would mean the return in force to power of the Communist Party.

As for Freitas do Amaral, he only says that the latter does not possess the "courage and firmness" necessary to face the "popular front" danger that is approaching.

What does Mario Soares suggest when he says this?

Soares simply wants to remind the right that in 1975, it was not Freitas do Amaral who was at the forefront of the struggle against the PCP's advance. He was the one who did it.

With these statements, Mario Soares is to be seen as the true candidate of the Portuguese right.

He explains to the right for whom it must vote and the reasons why.

On the one hand, he is warning of a possibility of a return to the time of the "hot summer," a hypothesis that appeared definitely excluded, but which Zenha's candidacy, with the support of the PCP and the PRD, has, according to him, brought back. On the other hand, he projects himself as the sole person able to face such a situation. It is an adroit strategy, and perhaps the only one that could rehabilitate the worn-out image of the former Socialist leader.

He must have convinced himself that he will win few votes in the areas of the PCP and even of the PRD; thus, the only thing left for him to do is to appeal to the fears of the conservative electorate, and, more generally, to all those who felt fear in 1975.

Thus, very probably, Soares' campaign will be just like the one in the summer of 10 years ago.

Mario Soares will try to ensure that the central issue of the electoral debate is the duel between him and Salgado Zenha, leading the country to see in this confrontation the right-left conflict (or, in other words, the struggle between the democratic and the anti-democratic forces).

In Soares' statements, Zenha will appear like a man who let himself become an instrument of the PCP, and who is destined to have no better a future than the one merited by Vasco Goncalves and Francisco da Costa Gomes.

If the play is well produced, part of the right may be tempted to believe that Mario Soares, and not Freitas do Amaral, is the true guarantor of its safety.

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CSO: 3542/50

POLITICAL

PORTUGAL

PINTASILGO SEEN DEFEATING FREITAS IN SECOND ROUND

Lisbon EXPRESSO in Portuguese 21 Dec 85 pp 1, 3

[Excerpts] If the presidential elections had taken place last weekend, Lourdes Pintasilgo would have reached the second round, together with Freitas do Amaral, at which time she would have been in an ideal position to win. This is the result of a poll conducted by the EXPRESSO-Euroexpansao between 13 and 15 December.

Meanwhile, it is the former leader of the Social Democratic Center Party who is ahead, gathering in a first round 40.7 percent of the vote. He is followed by Lourdes Pintasilgo, with 30.1 percent, more than Soares (15.3 percent) and Salgado Zenha (13.9 percent).

While Freitas do Amaral retains almost all of the voters who voted for the PSD or the CDS on 6 October (89 and 92.1 percent respectively), neither Soares nor Zenha are seen to obtain significant results from the electorate of the parties that support them. The socialist leader only garnered the votes of 58.4 percent of the PS electorate, and Salgado Zenha received 35 percent of the PRD vote and 42.3 percent of the APU. Of course, it is precisely among the voters of these two parties, as well as from those who either voted for small political groups or abstained in the parliamentary elections, that Pintasilgo receives most of her support: 52.8 percent of the Renovators, 50.0 percent of the APU voters and 76.5 percent of those who abstained or voted for small groups.

Pintasilgo also penetrates the socialist electorate (15.4 percent), more so than Salgado Zenha (13.1 percent) who was a militant and leader of the PS.

It is important to note the decrease in the number of undecided voters or of those who said they would abstain. While in October they were 55.6 percent, this figure has decreased today to 23.3 percent.

Among those who have meanwhile decided to vote, Lourdes Pintasilgo and Freitas do Amaral appear to have the best advantage, having won 32.8 percent and 38.8 percent respectively among these fluctuating voters. Soares stayed at 17.4 percent and Zenha did even worse, with 11.0 percent.

It is interesting to note that the intention to vote for Zenha comes mainly from those voters who, in October, had tended to favor Mario Soares (who lost 33.3 percent of his support) and for Lourdes Pintasilgo (27 percent). Now, if we take into account the fact that in the interim, both the PRD (formally) and the PCP (implicitly) have decided to vote for Zenha, the former prime minister's staying power is considerable. Still in regard to the intention to vote in the first round, it is noted that the highest intention to abstain (19.6 percent) is found in the APU electorate, followed by the PS (15.7 percent), and the PRD (12.5 percent). In other words, it is among the parties of the left that the intention to abstain is the strongest, which suggests that some of these voters would prefer to see which of the three candidates in their own area would continue to the second round, in order to later vote for him/her against Freitas do Amaral.

A hypothetical direct contest between Lourdes Pintasilgo and Freitas do Amaral would witness the least abstention. This would also be the scenario in which the candidate supported by the PSD and the CDS would be defeated. Pintasilgo would win because she could succeed in something where everyone else would be defeated: gather the largest share of the votes of the left. In a second round against Freitas do Amaral, Pintasilgo would receive practically all the votes of the PRD and the APU electorate, also attracting three-fourths of the socialist vote. However, the PS voters would be the most reluctant in voting for her, since 24.1 percent would prefer Freitas. The results would be much worse for Mario Soares, especially since more than half of the APU electorate would abstain (52.9 percent). And from those who would vote, for every three votes for Soares, two would go to Freitas.... As for the PRD electorate, even if it appears to be more favorable to Soares, it would only give him about two-thirds of its vote. Finally, and most surprisingly, there would be 18.4 percent of socialist voters who would vote for Freitas do Amaral.

In a second round, Zenha would obtain the worse results of all, since he would only garner the almost totality of the APU vote. Actually, this candidate has less support among this party's voters (68 percent) than among PS voters (71.3 percent). Those who voted for the PRD last October are the ones showing the most marked tendency to abstain and, among the leftist electorate, those who would give most of their votes to Freitas (32 percent). The choice of the PRD leaders--who are supporting Zenha--seems, therefore, to be far from obtaining a consensus within their own electorate.

1 Quem apola os candidatos

Freitas — 40,7%

Pintasilgo — 30,1%

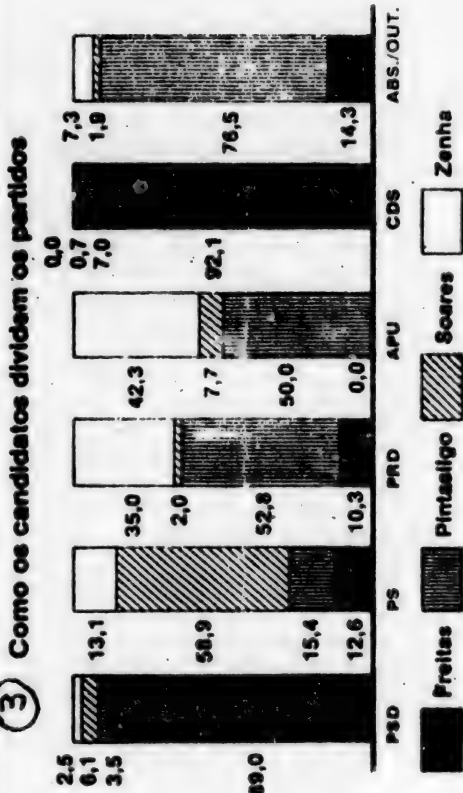
Soares — 15,3%

Zenha — 13,9%

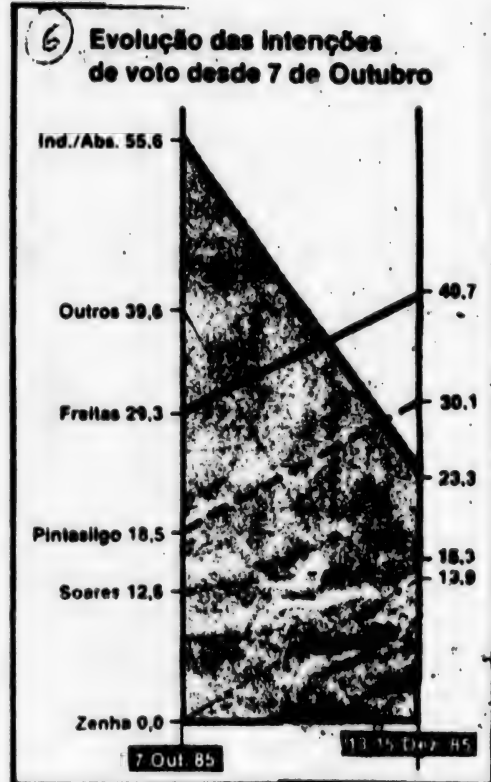
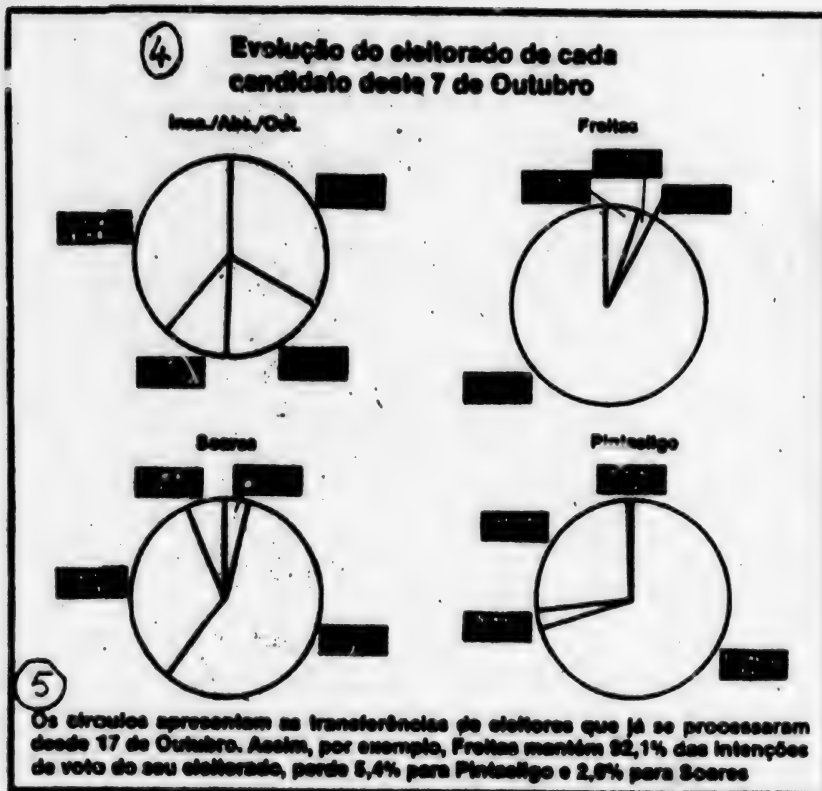


2 Votação na 2.ª volta

Hipótese 1	Freitas do Amaral	Lourdes Pintasilgo	Abstenção
	41,7	58,3	8,4
Hipótese 2	Freitas do Amaral	Mário Soares	Abstenção
	57,4	42,6	17,9
Hipótese 3	Freitas do Amaral	Sequeira Zenha	Abstenção
	58,3	41,7	12,6



- Key:
- Who supports the candidates
 - 1a. Abstaining/Others
 2. Second round vote
 3. How candidates divide the parties



- Key: 4. Evolution of each candidate's electorate since 7 October
5. The circles show the transfer of voters that has already taken place since October. Thus, for example, Freitas still enjoys 92.1 percent of his electorate's intentions, and loses 5.4 percent to Pintasilgo and 2.6 percent to Soares.
6. Evolution of voting intentions since 7 October

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CSO: 3542/54

POLITICAL

PORTUGAL

RECENT POLL SHOWS FREITAS STILL AHEAD

Lisbon SEMANARIO in Portuguese 21 Dec 85 pp 1, 64

[Text] Diogo Freitas do Amaral is the candidate for the presidency who continues to be the favorite of public opinion. Following the two televised debates this week, Freitas do Amaral confirms the fact that his leadership is well accepted in consecutive polls, which asked the respondents to choose one of the four candidates.

On the other hand, Mario Soares, who was excellent in his one-on-one debate with Pintasilgo, recovered lost ground after it was almost unanimously agreed that he was the winner in the debate.

Those who were defeated in this first round were Francisco Salgado Zenha and Maris de Lourdes Pintasilgo, whose acceptance by the public, following the debates, is lower than the popularity ratings they obtained in previous polls.

This SEMANARIO opinion is confirmed by a NORMA poll received by our newspaper last night, the most recent poll on the presidential elections.

All the respondents in this poll, that was conducted yesterday, had witnessed the two debates opposing Freitas do Amaral and Salgado Zenha last Tuesday and Mario Soares and Lourdes Pintasilgo the day before yesterday.

Thus, the 77 respondents--all of them older than 18, residents of the Greater Lisbon area and with a home telephone--responded as follows to the question: "Which of the four candidates, in your opinion, offers the best conditions to be president of the Republic?" Freitas do Amaral, 53.1 percent; Mario Soares, 14.0 percent; Lourdes Pintasilgo, 9.7 percent; Salgado Zenha, 6.2 percent.

For 1.4 percent of those questioned, none of the candidates offers, at this particular time, the conditions to be president of the Republic, while 15.6 percent had no opinion.

These results confirm Freitas do Amaral's excellent performance: his candidacy has registered a marked acceptance after the Tuesday debate with Salgado Zenha, who has lost considerable ground, while that of Soares has advanced.

The debates will continue after Christmas, with a one-on-one debate between Freitas do Amaral and Lourdes Pintasilgo.

Which of the four candidate, in your opinion, offers at this time the best conditions to be president of the Republic?

	Percentage
Freitas do Amaral	53.1
Mario Soares	14.0
Lourdes Pintasilgo	9.7
Salgado Zenha	6.2
None	1.4
No opinion	15.6

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CSO: 3542/50

POLITICAL

TURKEY

MUMCU ON DUTIES OF MARTIAL LAW COURTS

Istanbul CUMHURİYET in Turkish 27 Nov 85 pp 1, 10

[Article by Ugur Mumcu in the column "Observation": "A Problem"]

[Text] Should the duties of martial law courts continue after martial law is lifted?

This is not the first time this topic has been debated. It came up during the 1971 martial law also and the problem was resolved by the Constitutional Court. In Principle No 1971/31 and Decision No 1972/5 dated 19 October 1972, the Constitutional Court ruled that martial law courts would perform their duties as long as martial law was in effect and that situations to the contrary would be unconstitutional. Following this decision by the Constitutional Court, an amendment to the Martial Law Act was passed, annulling article 23 which allowed martial law courts to continue to function after martial law was lifted.

The leaders at the time, after this Constitutional Court decision, found the remedy in changing the constitution. If the law violates the constitution, change the constitution and be done with it!

That is what they did and, with "provisional article 21," added to the constitution the rule: "The duties and powers of martial law courts shall continue until the cases being heard by them on the date martial law is lifted are concluded."

This rule in the 1961 Constitution does not appear in the 1982 Constitution.

The rule that the duties and powers of martial courts should continue after martial law is lifted is in article 23 of Martial Law Act No 1402. However, there is no parallel article in the 1982 constitution.

The renowned Aldikacti forgot either to put the article in the constitution or to make the distinction in the constitutional article on martial law!

What happened by his forgetfulness?

Here is the situation:

The rule that the duties and powers of martial law courts would continue if martial law was lifted was restored to the Martial Law Act by Law No 2301, dated 19 September 1980. No such provision appears in the constitution that went into effect in 1982.

According to article 6 of the constitution, "No person or organ may exercise any state power which does not find its source in the constitution."

For martial law courts to continue to function after martial law is lifted clearly means "exercising a state power which does not find its source in the constitution."

In this situation, sending the cases before martial law courts to civil courts is a constitutional command.

Which is to apply in this matter, the constitution which went into effect later or the law which was passed prior to the constitution? Undoubtedly, the constitution!

Undoubtedly the constitution, but, according to provisional article 15 of the constitution, a "charge of unconstitutionality" still may not be advanced concerning article 23 of the Martial Law Act, which is clearly unconstitutional.

What must be done in this situation is to implement the constitution and have the martial law courts send the cases before them to civil courts. In this way, a door will also be opened to armed forces' withdrawal from running the country.

The subject under discussion by the armed forces today is to leave administration to civilians as soon as possible. The "transition period" will also be shortened in this way.

Our universities, for some reason, have done very little research on martial law. In a country that has frequently experienced emergency periods, ought not subjects like this to be researched in depth?

This topic, which also was raised during the 12 March period, has recently been broached by the respected constitutional jurist and assistant professor Dr Bulent Tanor.

We open the topic to debate...

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CSO: 3554/019

22 January 1986

POLITICAL

TURKEY

ATTORNEY QUESTIONS ROLE OF MARTIAL LAW COURTS

Istanbul CUMHURIYET in Turkish 27 Nov 85 pp 1, 10

[Text] Ankara (CUMHURIYET BUREAU) - The military courts continuing to operate in provinces where martial law has been lifted have been challenged as "powerless" under the 1982 constitution, making it necessary for the cases being heard in these courts to be shifted to other courts.

Attorney Burhan Apaydin, acting on behalf of Sadik Altun, a defendant in the "Front Road Organization" trial now before the Military Supreme Court of Appeals after being heard by the Istanbul Third Military Court, based his appeal to the Military Supreme Court of Appeals on the principle that "the constitution is superior to all other laws."

The appeal cites article 145/3 of the 1982 constitution, stating that under this article military courts have jurisdiction in states of "war and martial law" and that the crimes and persons over which they have jurisdiction should be spelled out by law. "There is at present no law governing the powers of Military Courts in cases like this," it reads. The appeal also states that Martial Law Act No 1402 which is now in force and sets the duties and powers of martial law courts may be considered obsolete in accordance with the general legal principle that "the subsequent law supercedes the initial law." According to this, we have "no law governing the duties and powers of Military Courts" except in states of "war and martial law." The law now in effect, Martial Law Act No 1402, which provides for trials being heard in these courts to continue until completion even if martial law is lifted, went into effect before the Constitution, so "in view of the fact that the Constitution is superior to all laws and is binding upon all laws and institutions, by implication it supercedes Martial Law Act No 1402 because it went into effect after Martial Law Act No 1402," according to the appeal.

A ruling by the Supreme Court of Appeals, criminal division, is cited as precedent for the appeal. This ruling stresses that the "constitution is superior to all laws" and states that "it is necessary to examine whether a law implicitly superceded by the constitution is unconstitutional."

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POLITICAL

TURKEY

TURK-IS PRESIDENT CRITICIZES OZAL, TGNA SLOWNESS

Istanbul CUMHURIYET in Turkish 27 Nov 85 pp 1, 10

[Article by Umit Aslanbay: "Sevket Yilmaz Answer to Prime Minister"]

[Text] Ankara - Members of the TGNA [Turkish Grand National Assembly] Health and Social Affairs Committee and TURK-IS [Turkish Confederation of Labor] officers are to meet today at the TURK-IS building. TURK-IS proposals for amendments it wants in the labor laws will be discussed and TURK-IS will present to the committee members the 8-page report it has prepared on this topic. President Sevket Yilmaz said that if their proposals are not discussed and brought to a conclusion as they should be in the TGNA, they are considering taking the matter up again at the "expanded organization" meeting to be held in December. Yilmaz added that 1986 would be "convention year" for TURK-IS. "Union congresses will be held this year. We will be following up on our desires. We are thinking that, if we do not get results, this nation will take action accordingly," he said.

In response to Prime Minister Turgut Ozal's comment in an address to Machine and Chemical Industry workers 2 days ago that "a strike would not do anyone any good," TURK-IS President Sevket Yilmaz said, "He is right. The distinguished prime minister was president of the employers' union before he became prime minister. He does not know the laws that have been passed or the hardships that have occurred since then. He is correct, he is right from his own point of view, but, of course, he is not right from ours."

Their proposals for amendments to the aspects of the laws governing labor life in Turkey which are not working in practice have not been taken up even though it has been a year since they submitted them to the TGNA, said Yilmaz, pointing out that they would give the 8-page report prepared by their committee to the members of the TGNA Health and Social Affairs Committee at today's meeting and would also discuss it. "We couched the drawbacks in practice in terms of ILO resolutions. The reason for the meeting is to ensure the implementation in Turkey of ILO resolutions," he said.

Sevket Yilmaz, who requested discussion of the "proposals and rationales" in the TGNA committee, said that "this has been the procedure" to date in this regard and that university and labor representatives had to express their views in the committee because they do not have the right to vote.

In answer to the CUMHURIYET correspondent's question, "Did you set a certain period of time for the committee to discuss your proposals?" Yilmaz replied:

"TGNA sessions will be scheduled after 1 January 1986. We want our proposals to have priority for urgent discussion in this schedule. We are concerned that the hardships seen in practice are going to undo the labor peace tomorrow. We are telling you this today. We are saying they must be negotiated as soon as possible. I hope, for the sake of labor peace, we get results. We will be holding an expanded meeting with all organization leaders and representatives from all the provinces in December. We will tell them at the meeting, you voted, you sent a national deputy to the Assembly; these are our problems, we did not make them up. They are not problems that just came out of our heads or seemed wrong to certain individuals. These are the ILO principles to which the great Ataturk signed his name. We want them. To the national deputies who say they are committed to the Ataturkist principles, we will say, 'Here you are in the Assembly. Do something.'"

TURK-IS President Sevkettin Yilmaz described as follows the "measures" they will take if they get no results from all these initiatives:

"It is necessary, in fact, that the national deputies who stood up and swore to uphold these principles resolve this problem. We will not let up, but will see it through. I think we will get results. We are thinking that if they were to refuse, this nation would take action accordingly. 1986 will be convention year for us. Around 840 conventions will be held. Then there will be at least 40 central branch conventions. Next, there are 32 national union conventions. Problems will be brought up and settled at these congresses also. Finally, at the end of the year, the delegates elected at the national union conventions will meet for the TURK-IS convention."

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MILITARY

EUROPEAN AFFAIRS

GERMAN PRESS CRITICIZES FRENCH CONVENTIONAL EQUIPMENT

Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 5 Nov 85 p 12

[Article by Siegfried Thielbeer: "Muzzle for French Generals: Critical Remarks by Officers on the Armed Forces; Weaknesses Unwelcome in Paris"]

[Text] The new French defense minister, Paul Quilès, has been known as a Jacobin, since he said it's not enough to talk about making heads roll, rather one must do it. Now, having obtained his position only because of the Greenpeace ship-attack scandal, he has his first victim: he removed the commander of the 1st French Armored Division in Trier, General Philippe Arnold. Paris was troubled by critical remarks made by General Arnold to Paris area journalists about the shortcomings of French armaments.

Paris spends a lot of money for its armaments, a sum completely comparable to that spent by the Federal Republic. But one-third of the money is expended on the small French nuclear strike force. The conventional forces, however, are neglected, receiving that one-third less year after year. The navy must still sail destroyers built in 1953. The air force is worried that the number of planes is falling below the minimum of 450, and that even so the models are getting older and older.

The standard battle tank AMX 30, which General Arnold has just criticized, was developed at the end of the fifties in competition with the German "Leopard." Back then, co-production was projected in France and in the Federal Republic. After comparative testing, the best tank was to be built in both countries and employed in both armies. When the two pieces of armor were finally ready, however, agreement could not be had. Each country produced its own model. For the sake of better export chances, went the thinking, the French tank was to have been as cheap, and thus as simple, as possible—and in the end it still cost almost one-quarter more than the Leopard. The production run was too small, as almost all the NATO partners had decided for the Leopard. And the countries, like Saudi Arabia and Spain, which had ordered the AMX 30 have long wanted to re-equip their armed forces with the German tank.

The German tank was simply better. Turret and targeting performance were indeed comparable at first, but the German tank's hull, engine and drive

were superior. In addition, the German tank was steadily improved, and got better fire-control equipment with each production run. The latest version of the Leopard I has a computer system with laser rangefinder, so that it almost compares to the Leopard II in combat effectiveness at present.

The French, too, have brought out their tank in an improved version with laser rangefinder, but their AMX B-2, with its residual-light intensifier, weapon stabilization, and pancratic panoramic telescope, just achieves the performance of the enhanced-combat-effectiveness Leopard of the seventies.

At the beginning of the eighties Paris once again suggested to the Germans a common battle tank for the future. But people had become cautious in Germany after the bitter experiences of a common development with the British (English generals have since regretted not procuring the Leopard II themselves) and with the Americans, whose own product, the M-1 "Abrams," just comes up to the new German tank. Common development with the French could not have improved on the Leopard II's performance.

With an eye to exports once again, the French then developed their AMX 40, which their own units will only receive at the beginning of the nineties. It was believed in Paris that the interim could be bridged by refitting (or "valorizing") the fully one thousand old AMX 30s on hand as B-2 versions. General Arnold now complains that his unit, the 1st Armored Division in Trier, must wait another 2 years even for this modernization. The latter is progressing according to schedule, according to the Paris general staff. This "little by little" could also be called a snail's pace: only 91 tanks each year are being refitted, as can be read in the budget: this is fewer even than the Turks manage.

In Germany, a tank battalion was the first to be equipped with the AMX 30 B-2: the 2d Cuirassiers Regiment in Reutlingen, which belongs to the 5th Armored Division. The 5th Cuirassiers Regiment is to follow in 1986. The 1st Division, and the 3d Division in Freiburg, must still wait.

Arnold's impromptu remark that, with his old tanks from the sixties, he could not stand comparison with the Leopard II, the American M-1, or even the British "Challenger," only points out an already well-known fact. France must in fact avoid all tank competitions, as for example the Canadian Army Trophy. Even in Saudi Arabia there was no direct comparison between the AMX and the "Challenger."

General Arnold by no means painted only a dark picture in his remarks. He had praise for the artillery, traditionally an elite arm with the French, which is now being modernized and strengthened after a long delay. And in signals, as he said, the French RITA communications system, which the Americans will perhaps order, is "the most modern in the world." So, are critical remarks not permitted to the officers any more? Arnold's dismissal scared the many friends he also has in Germany. French generals are held on so tight a rein by the government in Paris that it now acts as a muzzle.

13070/9190
CSO: 3620/88

22 January 1986

MILITARY

EUROPEAN AFFAIRS

NAVAL ASPECTS OF ESECS II STUDY REVIEWED

Herford MARINEFORUM in German Oct 85 pp 341-343

[Article by Lennart Souchon: "Strengthening Conventional Deterrence in Europe--A Commentary on the European Security Study

[Text] Since the Germans joined NATO 30 years ago, the military strategic concept of NATO has been repeatedly changed to conform to the changing threat factors. Since 1967, the NATO concept of "flexible response" provides for a broad spectrum of options between the threat of employing strategic nuclear weapons and the capability for conventional defense in repelling an attack by the Warsaw Pact.

In view of the conventional imbalance in Europe, NATO cannot renounce nuclear weapons at this time. The threat of nuclear weapons employment is an essential part of the strategy of deterrence. All [forms of] dependence on the early use of nuclear weapons cannot lie in the national interest of the NATO member states, however.

How can one increase NATO's defense capability in such a way that dependence on an early employment of nuclear weapons is reduced and the confidence of the general public in the NATO strategy is bolstered?

The analysis of these questions in detail was addressed by prominent American and European scientists, members of the military, and politicians. The first report of the privately financed steering committee was completed in 1983 and drew much attention on both sides of the Atlantic. The ESECS I study (ESECS = European Security Council Study) has without a doubt contributed to the growing Atlantic consensus concerning priorities in increasing the effectiveness of NATO's conventional defense capability in Central Europe. At the same time, specific proposals of the study also evoked critical commentaries, questions, and doubts. These were concerned first and foremost with the operational effectiveness of certain weapons systems, the possibility of their technological realization, the reliability of the cost analysis, but also the effects on arms control efforts.

The follow-on ESECS II study addresses itself to all of these questions.

Retired General Schulze, the co-author of the German edition, in introducing the follow-on study, took a stand at the outset against speculation that

the study was an invitation to discuss the fundamental effectiveness of the NATO concept, or that it signaled the beginning of the replacement of nuclear weapons in the NATO triad. Instead, Gen Schulze claimed, the study concentrated on strengthening deterrence by increasing the operational effectiveness of specific conventional weapons systems through an intensive employment of the latest military technologies. At the same time, a reduction of the reliance on an early employment of nuclear weapons was intended to bolster public support of "flexible response" in the West.

The organization of the study is keyed to the chronological sequence of a large-scale attack by the Warsaw Pact against the NATO sector Central Europe. The objective of such a Warsaw Pact attack would be a quick and decisive military victory. The attack is based on three main elements: surprise, concentrated employment of combined arms, and maintenance of the attack momentum through the precisely coordinated (with respect to both time and place) introduction of fresh forces and a high attack pace.

If NATO forces could succeed in effectively disturbing the mobility and coordination of Warsaw Pact operations, the sought for quick victory would not be attainable. The authors of ESECS II consequently focus their proposals for improvement on surveillance and target acquisition, repelling the van of the attacking units, overpowering the Warsaw Pact air attack capability and engaging the succeeding echelons in combat, but also on paralyzing the enemy's control system. Detailed proposals for strengthening the conventional capability are made in each of these tasking areas.

The authors identify specific weapons systems that are already undergoing development so as to point out methods for the technological realization of their proposals and to determine realistic cost estimates. And, finally, they address themselves in detail to possible Warsaw Pact countermeasures.

The costs of all these proposals are placed at circa 22.5 billion U.S. dollars, spread over a 10-year period.

Assessment

The study is extremely interesting. It offers formulated solution possibilities from the German, and particularly the American, point of view, which--if implemented--should be of decisive importance for the deterrence and defense capability of the West, especially since it reduces the dependence of the West on nuclear escalation without reducing the security of the NATO countries.

The efforts by NATO to strengthen its conventional defense capability (CDI), like ESECS II, are aimed at improving the effectiveness of conventional capabilities, without, however, excluding the maritime sector and the flanks, and without neglecting the questions of troop strength, training, reservists, and other aspects.

If one compares the results of the study with the Bundeswehr Plan '86, it can be seen that nearly all the measures requested in the study are also contained in the Bundeswehr plan.

As is the case with all situation estimates, the correct choice of assumptions and limitations is an essential prerequisite for the validity of the findings. I do not wish to address myself here either to the question of how far quality can replace quantity or the question if the costs and the time frames have been realistically selected. On the contrary, an examination of the findings of the study from a higher strategic standpoint appears to me to be in order.

The study is geographically limited to the NATO sector Central Europe. It discusses the defense against ground and air forces in a short, intensively fought war. Maritime peripheral conditions, potentials and capabilities are not even mentioned in passing.

The concentration on Central Europe is not entirely in keeping with a higher strategic approach. If the front in Central Europe holds up initially during an armed conflict, the Warsaw Pact, through rapid occupation of the maritime approaches to the Baltic Sea, supported by airborne operations and after crossing the Elbe [River], could execute a bold thrust into the northern flank of Central Europe. The critical importance of this flank is characterized for all time by the words of Clausewitz: "Once the flanks have fallen, the center will fall by itself."

What happens if a war in Central Europe is not of short duration or is concentrated in the northern flank area of Europe?

In both cases, the weight of North American resources is of critical importance for the outcome of these scenarios. The ability to introduce American and Canadian reinforcements, supply and resupply transports into combat operations in Europe on a timely basis and on an adequate scale would decisively lower the prospects for success of Warsaw Pact forces in a protracted war. A prerequisite for moving in the North American potential is the effective protection of the sea links of the alliance in the Atlantic and the seas around Europe. These in turn are given forward defense in the waters of the northern flank area. Increases in the effectiveness of conventional weapons systems in Central Europe have no influence on the capabilities of the NATO naval potential at this European flank which could decide the outcome of the war.

Finally, the study expressly identifies the Soviet objective to be the employment of its military power in peacetime as an instrument of pressure and political manipulation for the purpose of attaining its national objectives. The global expansion of the Soviet military is a well-known fact. If the Soviet Union succeeded, even only temporarily, in bringing the energy and raw materials links of the West, or the source countries, under its control, then a scenario would be conceivable in which the Soviet Union or its surrogates could blackmail the West without having to resort to armed conflict. From this aspect, as well, an isolated improvement of the capability of conventional weapons systems in Central Europe can be assessed as only a partial component of the protection of Western interests.

These limited observations are intended to point up the importance of maritime situation factors, especially the significance of the sealanes,

and to serve as a reminder that any armed conflict between NATO and the Warsaw Pact will at the same time also be a battle for lines of communication. The fate of NATO and also the question of a nuclear escalation in a long drawn out war will be decided by the fight for maritime supremacy in the waters of the northern flank area.

If improvements in the capability of conventional weapons systems are made at the expense of NATO's naval warfare potential and reduce the capability to protect the Atlantic or intra-European sealanes, then the Soviet Union would be presented with effective options for achieving its objectives against NATO. This must not be lost sight of in the assessment of the findings and in implementing the program proposals of the ESECS II study.

However, as previously emphasized, the study is outstandingly written, highly interesting, worth reading, and recommended. The fact that American armament experts had a decisive input into the findings of the study is indicative of the significant transatlantic consensus, which in many NATO activities cannot be taken for granted. In the effort to convince the public in the West of the urgency of the defense efforts, ESECS II is an important step in the right direction.

On the other hand, an extension of the study to include the maritime sector, to a scenario of a longer lasting war, and to the employment of Soviet military power in peacetime appears imperative.

12689/9190
CSO: 3620/121

MILITARY

AUSTRIA

DEFICIENCIES CITED IN ARMY'S AIR DEFENSE CAPABILITY

Vienna TRUPPENDIENST in German Oct 85 pp 575-578

[Article by Lt Col Horst Denk: "Air Defense in the Austrian Armed Forces--Organization, Equipment and Training"]

[Text] First Steps in Second Republic

Upon establishment of the Bundesheer [Federal Armed Forces] in July 1955, the National Defense Office of the Federal Chancellor's Office, which had jurisdiction over it, organized a separate department (III/L) for air warfare matters. It became responsible also for establishing air defense forces.

Barely 1 year later, on 1 June 1956, an air defense weapons training battery was established in Langenlebarn; effective 1 March 1958 it was renamed 1st Air Defense Training Battery.

Apart from this battery an operations staff was established on 16 June 1956 for the air defense service in Langenlebarn. Its mission was the establishment of guidelines and training aids for the air defense service. Organizationally this operations staff was the next higher command echelon of the 1st Air Defense Training Battery and thus the nucleus of what later became the Air Defense Service Training Center. After the establishment of the Federal Ministry for National Defense and the Air Force Headquarters--as a command subordinate to the group commands--air defense was placed under the jurisdiction of the air force and in the defense ministry the Department of the Air Force was given an air defense office.

Air Defense Section, Air Defense Training Center

On 1 March 1957 the operations staff of the air defense service was ordered to establish the headquarters of the 1st Air Defense Section. This headquarters was in command of the operations staff of the air defense service, the air defense training battery and, upon its establishment on 21 May 1957, the air defense battery in Zeltweg. The interim period saw the activation of the 2nd Air Defense Training Battery in Langenlebarn. After the headquarters of the 1st Air Defense Section was relocated to Hoersching on 1 September 1958, the Air Defense Service Training Center was opened in Langenlebarn. Subordinate to

the Center were the training department and the air defense service shop (motorized), formerly known as the air defense service and equipment shop (motorized).

The headquarters of the 1st Air Defense Section in Hoersching was at that time in charge of the 1st and 2nd Air Defense Training Batteries in Langenlebern as well as the 1st Air Defense Battery in Zeltweg and the 2nd in Hoersching.

Further reorganization took place in May 1960. The 1st and 2nd Air Defense Training Batteries became subordinate to the Air Defense Service Training Center.

The 1st Air Defense Section in Hoersching now contained the section headquarters with staff battery in Hoersching and the 1st and 2nd Air Defense Batteries in Zeltweg and Hoersching, respectively. However, by separating the air defense training batteries, a new 3rd Air Defense Battery was established in Salzburg-Siezenheim.

In 1961 a highschool graduates' battery was added to the training department of the Air Defense Service Training Center. The 1st Air Defense Section as well as the Air Defense Service Training Center were subordinate to Air Force headquarters; in training matters the Center was under the direct guidance of the Federal Ministry for National Defense.

Effects of Armed Forces Reform of 1963

The first major enlargement of the air defense service took place as part of the 1963 armed forces reform. The separation between operational and training units was implemented in the air defense service as well.

The training section and the air defense service shop (motorized) were combined into an Air Defense Training Section, located initially in Langenlebern and relocated to Gross-Enzersdorf in 1963.

This training unit consisted of the section headquarters with staff battery and the 1st and 2nd training batteries. The Air Defense Service Training Center which remained in Langenlebern contained after 1963 the School Headquarters, the Training Battery and the Highschool Graduates Battery (renamed the One-Year Volunteer Battery in 1964).

In September 1963 the 1st Air Defense Section was deactivated. It was converted into the 2nd Air Defense Section in Zeltweg, including a staff battery and the 1st Battery/Air Defense Section 2 (created from the former 1st Air Defense Battery) and the 3rd Air Defense Section in Hoersching with section headquarters, staff battery (the former 1st Air Defense Section) and the 2nd Battery/Air Defense Section 3 in Salzburg-Siezenheim (batteries of the 1st Air Defense Section). The 1st Battery/Air Defense Section 1 was activated in Gross-Enzersdorf and temporarily placed under the command of Air Defense Section 2.

Activating these units fulfilled the requirement of having at least one air defense section in every group zone. At the same time the Air Defense Service Training Center was removed from the command of the Air Force headquarters and placed direct under the Federal Ministry for National Defense.

Subordination to the Group Headquarters

In still another reorganization in 1966 the air defense sections were removed from the supervision of the air force and subordinated direct to group headquarters.

The Air Defense Training Section lost its training mission and parts of it converted into the 1st Air Defense Section. From then on, the 1st Group Headquarters in Gross-Enzersdorf was in charge of the 1st Air Defense Section with its headquarters and staff battery, along with two air defense batteries and the Air Defense Training Section. In the latter part of the 1960s the air defense sections received one training battery each, which later on was converted to a 3rd (firing) battery. In 1978 the air defense sections were renamed air defense battalions.

In addition, the I, II and III Group Headquarters had in 1966 one air defense battery each in their brigade artillery sections 1, 5, 6, and 7, which had already been on hand in peacetime; in brigade artillery sections 2, 8 and 10 they were available only in case of general mobilization.

These seven air defense batteries had evolved from the brigade air defense platoons activated in 1957. In addition, Armored Air Defense Batteries 3, 4 and 9 were established with the armored infantry brigades in 1961. Additional field air defense units were established in 1965 in the form of infantry air defense gun platoons, which are a component of the heavy companies of the motorized infantry battalions.

Air Defense Units of Air Force Field Units

After separating Air Defense Sections 1 through 3 from the jurisdiction of air force headquarters, air force field units activated their own antiaircraft units. The Air Defense Training Detachment located in Gross-Enzersdorf moved to Langenlebern in 1968 and became the Air Defense Detachment, under the command of the Air Defense Brigade.

The 1972 army organization and the 1975 reorganization abolished the Air Defense Brigade; the Air Brigade became the Air Division. The three air regiments at Langenlebern, Zeltweg and Hoersching were to establish one Air Defense battalion each. First, the Air Defense detachment in Langenlebern was converted into the 1st Air Defense Battalion. In Hoersching, the 3rd Air Defense Battalion was formed from the cadre of the air training battalion.

Both battalions had a headquarters with a staff platoon; each also had one Air Defense battery equipped with 2 cm and 3.5 cm automatic antiaircraft guns. Effective 1 October 1980 these Air Defense battalions were redesignated the 11th and 13th Air Defense Battalions.

The 1st Battery of the 12th Air Defense Battalion was activated in October 1980 in Aigen/Ennstal. The headquarters and the 2nd Battery of this battalion were not established until 1982.

Present Organization of Air Defense Field Force

In 1978 the Air Defense Service Training Center was reorganized also. The training battery turned into a staff battery and the 1-year volunteer battery became a training battery.

The last step in the implementation of the 1972 army reorganization consisted of the transfer of the Air Defense batteries of the brigade artillery battalions into the militia; the armored antiaircraft batteries were separated from the armored artillery battalions and made subordinate to the armored staff battalions.

At present the air defense field force of the Bundesheer consists of the following:

- the air defense battalions of the corps and divisions;
- the armored air defense batteries of the armored infantry brigades;
- the 2 cm antiaircraft batteries in the brigade artillery battalions; and
- the 2 cm infantry antiaircraft gun platoons in the heavy companies of the infantry and home guard battalions.

Weapons and Equipment of the Air Defense Field Force

When the Bundesheer was first established, the weaponry consisted solely of M-2 12.7 mm antiaircraft machineguns and Hotchkiss 2.5 cm antiaircraft guns.

The armored antiaircraft batteries, upon being activated in 1961, were equipped with the M-42 4 cm twin antiaircraft gun on a self-propelled mount from U.S. Army stocks. These weapons are still in use by those units, but they are only partly responsive to today's requirements. The introduction of an up to date weapon system has been initiated.

Equipping of medium-caliber antiaircraft gun batteries started in 1957 with the procurement of Swedish Bofors 55/57 4 cm automatic antiaircraft guns. The first fire unit was still controlled by a Bofors-produced field optical director. Later on the 58/TBJ fire control instrument was procured for fire control of the 4 cm automatic antiaircraft guns and used at the Air Defense Field Service School for personnel training in the radar section. However, this fire control system was not used in the field.

From 1960 on, the field forces used the Fire Control System 60, made by the Swiss firm Contraves, for fire control of the 55/57 4 cm automatic antiaircraft gun. The fire units thus consisted of the Fire Control System 60 with two 55/57 4 cm guns each, a central field power plant and the required cable links. A Saurer tractor trailer was used as a prime mover. However, the weapon system was relatively immobile and subject to breakdowns.

The 65 3.5 cm twin automatic antiaircraft gun, a modern gun with a high rate of fire, replaced the 4 cm gun in the antiaircraft battalions during the 1970s. Along with it came the procurement of the 65 fire control system. This fire control system was a 60 fire control system adapted for use with the 3.5 cm twin gun. The introduction of this weapon system was accompanied by a transition to a decentralized power supply, i.e., every gun and the fire control system now had its own field power plant. This reduced the need for cable links, with only those for data transmission remaining. The Saurer tractor trailer was replaced by a truck made by the French firm Berliet.

In 1976 the 75 fire control system "Skyguard" was introduced in the 1st through 3rd Air Defense Battalions to replace the 65 fire control systems.

Upon introduction of the 75 fire control system, it became necessary to modify the 3.5 cm twin automatic antiaircraft guns. After modifications, they were designated 75 or 79 3.5 twin automatic antiaircraft guns.

The 79 "Skyguard" fire control system is an improved 75 system which was procured as equipment for the 11th through 13th Air Defense Battalions. The 1st Air Defense Battalion was equipped with it also in 1983. Toward the end of the 1970s the 10-ton OeAF cross country prime mover was introduced into the 1st through 3rd Battalions. The Berliet prime movers which thus became available were transferred to the 11th through 13th Air Defense Battalions, which until then had partially still been equipped with the Steyr Diesel as prime movers for the field power plants.

In the 1960s the 58 2 cm antiaircraft gun replaced the 12.7 mm antiaircraft machineguns, which had until then been used for light antiaircraft operations. The U.S. 0.75 ton (4x4) Dodge truck served as weapons carrier.

Thereafter, the improved Model 58, the 65 2 cm antiaircraft gun was procured. This gun is better equipped for operations against ground targets. The Dodge was replaced as the weapons carrier with the Steyr-Daimler-Puch 1.5 ton (6x6) "Pinzgauer" 712.

By combining the 65 2 cm automatic antiaircraft gun with the "Pinzgauer" 712 and a trailer created by extending the weapon undercarriage it became possible to establish suitable equipment for the fire units of the light antiaircraft force.

The weapon systems currently at the disposal of the air defense force have an effective range of only 4 km horizontally and 2.5 km vertically. At the current level of the state of the art, an increase in the effective range would be possible only with antiaircraft guided missiles.

Training in Air Defense Service

Following general basic military training, the separate service basic training initially emphasizes proficiency in individual performance with the weapons and equipment. At the same time, a course is given and tests administered in the

air defense training school for selection of gunners. This stage of the training also includes the first firing of the gun with live ammunition in the form of firing at moving and stationary ground targets. The purpose for this type of firing is to create familiarity with the weapon and preparation for firing at aerial targets.

Gunnery training is an essential part of the training for antiaircraft gunnery. It must enable the gunner to determine the correct lead angle for any approaching aerial target and to aim the gun at the predicted position.

This task requires intensive training with the aiming devices and the gunsight. Appropriate training aids are required for proper monitoring of the gunner in training. Past training aids included target curves in conjunction with scanning spot projectors, rope pull devices, antiaircraft aiming training aids with projector inside a large hemisphere and aiming data recorders. None of these devices are adequate to meet today's requirements.

New training devices (simulators) are urgently required to provide good gunnery training to the gunners. The present method of training is merely a transmission of experiences whose proper or improper application cannot be verified until actual firing at aerial targets takes place.

Once proficiency in the operation of guns and equipment as individual components has been attained, the training proceeds to cooperation within the fire unit (the platoon). In special weapons operational training, live ammunition firing exercises against radar-controlled aerial targets serve to practice cooperation within the fire unit on the battlefield.

One of the highlights in simulated firing training is an exercise in defense against low flying aircraft. This one-week exercise requires the cadre personnel, weapon operators and basic trainees together to demonstrate their proficiency in defense against low flying aircraft. Immediate evaluation by referees, using fire control radars, determines success or failure.

Basic training concludes with live ammunition firing against radar-guided aerial targets. The number of hits on approaching attackers serves as an essential measure of the state of proficiency and the operational readiness of personnel and materiel.

Advanced training of cadre personnel is based on this training, which is conducted in the air defense service units. This advanced training is conducted in the air defense training school and consists of gun commander training in gun commander courses for the different weapons and of training for platoon, unit and troop commanders. Additional training courses are for air defense aircraft spotters and radar observation noncommissioned officers for the fire control systems.

But the best training and high-quality equipment cannot compensate for lack of quantity and the lack of a long-range air defense system.

With the presently available materiel air defense is possible only at a limited scale. To extend air defense protection to the entire national territory, the procurement of long-range air defense systems in the form of guided missiles will be absolutely necessary.

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MILITARY

DENMARK

TASS ANALYST CRITICIZES DANISH DEFENSE MINISTER'S INTERVIEW

LD271717 Moscow TASS in English 1658 GMT 27 Dec 85

["Christmas Message" by General Engell -- TASS headline]

[Text] Moscow December 27 TASS -- TASS news analyst Leonid Panomareov writes:

The custom is that it is usual to speak of something pleasant during Christmas holidays, putting off everyday concerns for several days. Warring sides used to cease hostilities. However, the bellicose attitude of mind does not leave Hans Engell, Danish minister of defence, on these Christmas days either. As the future chairman of NATO's Eurogroup for 1986, he has stated in an interview with the newspaper BELINGSKE TIDENDE that main attention under his leadership would be given to a "European contribution to NATO defence". The word "defence" in the vocabulary of the NATO generals means a speeded-up build-up of the military might of the North Atlantic bloc and the attainment of superiority over socialist countries.

It would seem, the Danish general did not say anything new in this respect. Yes, this is so. NATO mentality apparently remains at the same level, although the spirit of the times after the Geneva summit is changing. One could expect that hot heads would take into account the fact that the summit has been regarded around the world as a big political event in international life, creating opportunities for a transition from the state of dangerous confrontation to a constructive search for an improvement of the international situation as a whole. And what do we see? NATO leaders, while expressing compliments on the Geneva summit, practically continue the policy of confrontation and, besides, raise it to the so-called "space level", i.e. are launching preparations, with the Pentagon at the head, for "star wars".

The question of what kind of Europe should there be has been put very keenly: Either a peaceful one' as has been the case for forty years now' or it will turn into something that even scientists themselves have a vague idea now. Ignoring the unpredictable dangers of a nuclear conflict, the new chairman of NATO's Eurogroup is again advocating an endless arms race and is in favor of West European countries' coming down with money for space militarization jointly with Washington within the framework of the "Strategic Defence Initiative" (SDI) program.

There is no doubt that these actions and statements do not square with the accords in Geneva while the stands of the Governments of Britain and the FRG on participation in the U.S. "Star wars" program are in point of fact diametrically opposite to the mutual understanding reached in Geneva.

An overwhelming majority of West Europeans come out against U.S. nuclear weapons -- "Pershing-2" and cruise missiles -- on their soil, and against participation in "Star wars". Last Thursday, for example, more than five thousand demonstrators gathered outside a U.S. base in Holland where nuclear weapons are stationed. The demonstrators demanded that the weapons be removed from their soil. That was this year's tenth vigorous demonstration in the Netherlands against U.S. nuclear plans.

Europe is not just a geographic notion but is our common home. And if some of its occupants strive to live in peace with one another in a good neighbourly way, while others are preparing for "Star wars", such a home resembles a powder keg rather than a home. This is what General Engell should turn over in his mind on these Christmas days.

/12624

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JPRS-WER-86-008

22 January 1986

TIGHTER RESERVE TRAINING, ASSIGNMENT, PROMOTION PROCEDURES

Bonn BUNDESWEHR AKTUELL in German 2 Sep 85 p 1

[Unattributed Article: "The Right Man in the Right Place--Directive of the Army Chief of Staff: Field and Company Grade Reserve Officers Are To Become More Involved in Personnel Management"]

[Text] Bonn--Field and company grade reserve officers with mobilization assignments must assume the same tasks and duties in a national tension/defense emergency as their active duty colleagues. For that reason, the army chief of staff, in his recently issued directive (Federal Ministry of Defense--Army Chief of Staff--Army Command I 1--File No 16-39-00 dated 27 Jun 1985), which received distribution down to the level of military subregion commands and battalions, demands the involvement of these reserve officers already in peacetime in the personnel management of the soldiers who will come under their command in combat.

According to this new directive, personnel screenings must be conducted at regular two-year intervals in all non-active mobilization units. In this way, the operational status of personnel is to be determined in the areas of position manning, the planning of training and utilization of promotion-worthy reservists, the internal structure of troop units, military discipline, and care and welfare. Findings made during these screenings are submitted to the responsible units and then converted into concrete personnel processing measures that will benefit the mobilization units as well as the individual reservist.

The more reservists have to be prepared for the mobilization tasks through individual reserve training or mobilization training, the more important and more comprehensive the responsibility of field and company grade officers becomes for improving, through long-range and precise personnel measures, the training status of the troops subordinate to them in case of a mobilization. This includes, primarily, the planning, definition and control of an assignment specialty-oriented training program, and of development and continuing training in keeping with the principle: "The right man in the right place!" In these important task areas, the schedule-maintaining units are to be relieved of their burden. The new directive thus also requires, to the maximum extent possible, reserve commanders with mobilization assignments to prepare, on a regular basis, situation assessments with respect to personnel procurement, as well as their participation in mobilization preparations in the personnel area.

In this way, the army wishes to strengthen the command responsibility and command readiness of its reserve officers already in peacetime, and to encourage them to exercise greater initiative and cooperation.

12689/12859

CSO: 3620/149

MILITARY

GREECE

PASOK ACCUSED OF PROPAGANDIZING AMONG ENLISTED MEN

Athens I KATHIMERINI in Greek 20 Dec 85 p 5

[Text] The government would be well advised to stop its political propagandizing at the gates of army barracks. To not permit its propagandists to proceed further inside, because someday we all will regret this. And perhaps we will bitterly regret it. At least Drosogiannis, who has been a combatant officer and has commanded units, will know very well what political propaganda in the army means and what dangers of disruption this contains with respect to the functioning of the units and their performance.

But it seems that the veteran officer had forgotten all these things at noon the other day when he listened to the "general secretary for youth affairs" announcing the happy days that the government is planning for the servicemen (and informing him, on this occasion, of "today's decision"--by whom?--to distribute tickets for theatrical performances to the soldiers).

Thus, according to the decisions made, "from 27 December to the end of the summer, 22,000 soldiers will take part in the programs of social tours entirely at no expense to them." A beginning in this direction will be made on New Year's and Epiphany, when 2,000 enlisted men will have 3-day holidays at home, in hotels, and at ski resorts. And this program will continue in the summer for 20,000 enlisted men, who will have the advantage over the winter vacationers in that they will be able to take with them another person--for example, married men can take their spouses and an unmarried man can take a person of his choosing. There was even talk about "further-education programs for the soldiers" being elaborated, and this was followed by the optimistic statement of Drosogiannis that "these things are merely a start."

Lest we be misunderstood, let us state that we do not believe that enlisted men today ought to live in their camps under the conditions of the ancient Spartans, nor that they should be trained in accordance with the spirit of the former Prussians. These things are no longer possible, even if someone were to wish for them. And if anyone were to try to put them into effect, he would not be taken seriously. Our society of democratic practices and of conveniences has passed through the gates of the barracks everywhere and has changed many things. And it will surely change other things if it continues on for a long time. But one thing has not changed in any army

and is not going to change: The discipline on which its functioning depends. And this discipline, in turn, cannot be based on anything else than a sense of equality and fairness and on the absence of any discrimination.

And all these grandiose schemes about vacations and touring do not reinforce the sense of justice and fairness, nor do they reduce discriminatory practices. Just the opposite. Why then does the government want to engage in them? Perhaps it is making the mistake of considering such programs to be a good opportunity for its propaganda? Perhaps it desires to pass them off as yet another demonstration of its progressiveness? Perhaps it is counting on handling these programs as rewards for the loyalty of followers who have enlisted? Perhaps it plans on brandishing them about as a punishment of repudiation to all those who do not embrace its own reality?

Whatsoever of all these things is going on, it is bad for the army, without of course being good for the government and its propaganda--for the "progressive" image that it obviously desires to project. Nor, of course, should it believe that with these summer vacations offered free to couples it will be doing away with the difficulties that make their appearance, for new recruits above all, from the very nature of military life. Nor of course should it be so naive as to hope that in this way it will attenuate the negative reactions to military life and the demands for its "democratization."

Thus, let the government exempt the army from anything that its opponents could label as demagogy. Let it make full use of its "progressive" innovations in other sectors, and let it seek in other areas to implement its propaganda. The armed forces constitute a particularly sensitive area, so much so that they cannot tolerate involvement with all these things. If it happens that the party propagandists are unaware of such truths, let Drosogiannis go to the trouble of reminding these people about them, since he himself should not have forgotten them.

As for the rest, let the "general secretary for youth affairs" direct his social-tours activity toward other classes of the population outside of the barracks, assuming of course that Simitis does have the money to give to these people.

12114

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22 January 1986

MILITARY

NETHERLANDS

VAN HOUWELINGEN ON ARMS PURCHASES, COOPERATION

Bonn WEHRTECHNIK in German Aug 85 pp 70-74

[Interview with the Secretary for Defense, Jan van Houwelingen, who is responsible for armament, by an interviewer from WEHRTECHNIK (WT)]

[Text] To reinforce the NATO Coalition, it is important to include the smaller partners also in armaments collaboration, beginning at the armament planning stage. At the beginning of June, WT had an opportunity of posing a series of questions to the Dutch Secretary of Defense, Jan van Houwelingen. These questions concerned the work of the IEPG (Independent European Program Group), international armament programs, offsets, national procurement projects, and especially German-Dutch cooperation and its possible intensification.

WT: At this time, Holland is chairing the IEPG. What opportunities does this committee offer for armaments collaboration within NATO?

van Houwelingen: The objectives of the IEPG were already defined in 1976 and still continue to be valid: first, an effective use of financial means for research, development, and procurement, then for the standardization and interoperability of armaments, further the creation of a sound basis for a European armaments industry, and finally a strengthening of Europe as a factor in relation to the United States and Canada. The European countries must coordinate their different viewpoints with one another and must speak with one voice in dialogue with the United States. The Americans have always strongly supported the collaboration of the European countries and have an understanding for the developments here.

This was also made clear to me last month during discussions with the Americans, Secretary of State Taft. Based on the results of these discussions, I made proposals at the IEPG meeting of the defense ministers on 17 and 18 June, to structure the dialogue between IEPG and NATO. Within the NATO federation, the IEPG has numerous opportunities which must also be exploited. Constant political participation is necessary to achieve this goal. The defense ministers and the secretaries of defense and also the national armament directors must not only harmonize tactical requirements but must also set up specific cooperative projects. Furthermore, collaboration in the area of research and development is an essential precondition for collaboration in long-term projects.

The opportunities of the IEPG are also influenced by political and economic circumstances. Far-reaching collaboration within the framework of the WEU (West European Union) surely will also have positive effects on the opportunities of the IEPG. Thus, it would be extraordinarily stimulating for the IEPG if the WEU countries would find a joint reply to Weinberger's letters concerning the strategic defense initiative (SDI).

Furthermore, discussions in the European community concerning far-reaching economic collaboration certainly will have effects on the position and opportunities of the armaments industries in the common market. The European parliament has already for some time discussed the question whether the common market should be drawn more closely into the affairs of the weapons industry. In my opinion, this also constitutes an important area for the European commission in the near future, an area to which it should dedicate its attention.

My objective is to strengthen the European pillar of NATO. The IEPG can play an important role here. The NATO alliance certainly provides room for this.

WT: You just mentioned the strategic defense initiative. What position are you taking with respect to SDI?

van Houwelingen: The main question is: Just what is SDI? First of all it is a military concept. For this one needs modern emerging technologies. I am convinced that it is a must for all European countries to cooperate with the United States of America in the area of technology. As a politician, it naturally makes sense to support technological programs - speaking more precisely - to develop specific products. However, we do not agree with Americans regarding the concept, and therein lies the problem. In our country, we cannot at the present time as yet offer a political answer. This is a difficult political decision, because it involves our internal relationship to NATO, the relationships between the European countries and the United States. We are thinking about the consequences for European defense and for the European situation. For example, the question here arises: Within the framework of the SDI, are there also systems which we could use for our defense? But this too is a political question. The other conclusion would be the necessity of cooperating within the alliance, and here the answer is positive. Technology cannot be stopped; cooperation in the area of technology cannot be stopped. However, we must think about the strategic effects on Europe.

WT: Are offsets with procurements in the Netherlands an essential requirement?

van Houwelingen: In procuring armaments, the Dutch government and also the parliament require 100 percent offset. This is a hard requirement which, if we consider a few figures, is already beginning to bear fruit. Already in 1981, it was 65 percent, and for 1983/84 we already exceed 80 percent. Naturally, the implementation of 100 percent offset is not easy. Various aspects are connected with this topic, and these must be illuminated in more detail:

Besides the quantity, also the quality of the offset transactions.

The associated costs associated with the offset transaction.

The implementation of offset objectives by means of another instrumentarium.

In the meantime, a considerable and quite complicated network of offset agreements has developed between the European states and the United States of America. Thus, many American firms had to conclude more than 100 offset contracts nearly every year. These are indirect offsets. In Holland, we have no difficulties because we have highly qualified industry in all areas. We have approximately the same capabilities as Germany.

All agreements, even the most various ones, can nevertheless strongly affect one another and in particular because the exclusivity of the agreements can be impaired.

The many agreements have as their result that the American economy can fulfill the individual agreements much more flexibly. But this is not the only reason for regarding offset agreements critically. Frequently we have extra costs as a consequence of offset agreements. During recent years, this has cost the Netherlands hundreds of millions of guildens. In every respect, this is a reason to achieve offset in another fashion - namely the greatest possible and technologically high-grade inclusion of Dutch industry in the procurement of armaments. Examples in Holland are the following:

PATRIOT - I will return to this subject -

Rolls Royce - GOALKEEPER.

Other possibilities are the expansion of exchange trade with armaments, the beginning of joint material projects, and the joint attack on research and development.

WT: How are you planning offset for PATRIOT?

van Houwelingen: The total contract given to the United States of America amounts to 242 million dollars. The following agreements were made with the Americans, both with the government and with industry:

The American government will let contracts in the Netherlands valued at 120 million dollars. Specifically, they are procuring 70 million dollars worth of military gear and are paying 50 million dollars for personnel and services. The offset contracts with American industry total 235 million dollars, and specifically 65 million dollars for coproduction, 50 million dollars for logistics, and 120 million dollars for indirect offsets. The additional costs amount to 25.7 million dollars.

To implement the offset agreements, a joint steering committee was set up at the governmental level. A new offset offer is expected which could also make up a part of the government offset transactions. Fokker has signed an offset agreement, part of which includes indirect offset. The whole thing is currently being examined by our Economic Ministry.

WT: What is the position of the Netherlands with respect to the EFA (European Fighter Aircraft) project? Three-quarters of a year ago, in Farnborough, was there a big surprise when you announced a need for 200 fighter planes for the Royal Dutch Air Force?

van Houwelingen: I can understand the surprise, since we are still introducing the F-16s. But to develop a new fighter plane takes more time than was originally anticipated. It is important already to participate in early stages of the program. That is one reason. But there is also another reason: We are expending many hundreds of millions of additional guildens to obtain work for our production enterprises. In the final analysis - and incidentally our industry is certainly satisfied with the F-16 program - such a procedure does not contribute towards strengthening our own industry so that it is able to export by itself. Therefore it cannot be our policy to continue along this track and therefore we must quite simply investigate the possibilities of program participation.

At the moment it is not yet clear whether the EFA project will have results. Discussion concerning this has been taking place in the participating countries for some time. I hope that specific agreements will still be made during this half year. But before this my country will scarcely be able to make a well-considered judgment concerning this.

However, the Dutch Air Force is currently studying the requirements which a combat plane must satisfy by the end of this century. If the result of discussions between the EFA countries becomes clear, the Netherlands will make a provisional decision. This decision will then be based on weighing the political, operational, financial, and industrial advantages and disadvantages. I will commit myself to a far-reaching collaboration of the armaments industries in Europe. Naturally, there are certain limits here. But I hope that one will have learned a lesson from the TORNADO project.

If the EFA countries should not reach an agreement, then the Netherlands will at first continue to look in Europe for a successor to the F-16.

The United States will become interesting for us again only when the American government makes offset purchases in Europe against purchases by European countries in the United States of America.

WT: The Dutch Defense White Book of 1984 also contains a need for new helicopters for the fighting forces. How do the German-French combat helicopter projects PAH-2 and the NATO helicopter 90 fit into this?

van Houwelingen: The policy of material procurement that was described in the Dutch White Book of 1984 - which contains, among other things, important starting points from industrial policy and from the government - strives for international and in particular European collaboration in the implementation of material projects, while drawing upon national industry for research, development, and production. This policy is based on the following motives:

Promotion of standardization and interoperability within NATO

The maintenance of a vital and technologically progressive armaments industry in Europe, to reduce dependence on the United States in the area of weapons materials.

Inclusion of Dutch industry in extensive material projects which frequently are technologically advanced, based on considerations of the national economy.

Cost reduction by collaboration in the development and production of material.

Covering the armed forces' need for new helicopters, as cited in the Defense White Book of 1984, leads to extensive high-tech projects. Through an order from the secretary of defense, a project office on helicopters (PBH) and a central project team on helicopters (CPH) was set up for the central coordination and adequate regulation of all activities associated therewith. It is the task of the PBH to develop guidelines for implementing these helicopter projects.

The CPH is supposed to contribute to the development of these guidelines and should act as an initiator, coordinator, and supervisor in their implementation. The helicopter project manager (PLH), as director of the PBH, is directly subject to the general director of materials and at the same time is head of the central project team on helicopters. The CPH is composed of the lower chiefs of staff and the material directors of the component fighting forces as well as the corresponding representatives of the chiefs of the command staffs of the fighting forces, the general directorate for the economy and finances, and the directorate for legal affairs.

For procurement of new helicopters, the budgets included about 2.5 billion guildens, even for after 1993.

This involves various types of helicopters. The general trend is towards using helicopters to a greater extent than today for battle tasks. It is possible to make a rough division into two categories:

1. Decision for a helicopter which will replace the then outmoded ALOUETTE III.

Procurement of antitank helicopters.

2. Transport helicopters for the army and the air force.

Naval helicopters for anti-submarine purposes.

With respect to the first category, discussions are taking place on the one hand with France and the Federal Republic and on the other hand with Italy and Great Britain.

The second category is the subject of discussions within NATO (the so-called NATO helicopter for the nineties).

A feasibility study will be begun shortly, with participation from France, the Federal Republic of Germany, Great Britain, Italy, and the Netherlands. After the study has been concluded, the countries must decide individually concerning

their participation in the joint project. Possibilities will be investigated to develop a joint basic type of transport helicopter and anti-submarine helicopter.

If a decision is made in favor of participating in a particular project, this means that long-term obligations must be assumed, which certainly will affect the final specification of material procurement plans.

WT: The Netherlands also need a medium artillery rocket system. Has the train for Dutch participation in the European construction program already gone by?

van Houwelingen: It doesn't look as if the Netherlands will still join the European-American conglomerate which will produce MARS in Europe. For Holland, there scarcely seem to be any opportunities to join the participating group of countries. This year, an MoU (Memorandum of Understanding) will probably be signed, which regulates production in Europe by the EPG (European Program Group).

There are two possibilities to cover the Dutch need: on the one hand, procurement from the MARS conglomerate and, on the other hand, direct procurement from the United States.

This decision will then be influenced by the following aspects:

Price, delivery time, and the like,

The political will to purchase the system preferably in Europe, although under the condition that the respective European countries place offset contracts in the Netherlands for the total amount allocated for this purpose.

For the Netherlands, the following consequences derive from this: First of all, the necessity to harmonize the replacement schemes and the replacement times and thus a further strengthening of the operational dimension within the IEPG, and secondly the necessity to fashion collaboration on a political, military, and industrial level at the earliest possible stage.

WT: Over and above the 235 F-16s that have been ordered, will you order still more aircraft of this type?

van Houwelingen: According to our planning, the F-16s will begin to be replaced in 1999. However, losses during peace time are currently higher than planned. If this trend should continue, the reserve that has been planned for peace time losses will be exhausted by the middle of the nineties. There are then three possibilities:

to have fewer aircraft available during the years 1995 - 1999,

a temporally advanced procurement of the successor for the F-16 and

the procurement of additional F-16s.

At the moment, a decision concerning this is still completely open. We try to hold losses during peace time within the estimated framework.

WT: Are you planning Dutch participation in the development of future German tank projects?

van Houwelingen: In consideration of the relatively small Dutch need, national development of tanks is impossible and consequently we must look for opportunities to participate in the projects of other countries. On the basis of constantly closer German-Dutch cooperation in the production and introduction of the LEOPARD 1 family and of the LEOPARD 2 tank, continuation of this collaboration is probable. Cooperation during development can be implemented well only if the tactical requirements and the time plan of the participating countries agree approximately or closely.

Since the middle of 1984, the Federal Republic of Germany and the Netherlands have been collaborating in the definition phase of the mountain tank 3. Dutch industry also participates in this. By the middle of 1986, a formal decision will be made concerning collaboration in the development phase. This project, as a test case, will be able to provide information about regulating such co-operation in the future.

As regards the successor tank LEOPARD 1, beginning in the year 2000, I certainly see possibilities for German-Dutch cooperation. On the basis of the old German tactical requirements, there already were informal consultations between the agencies and the industry of the two countries. For this purpose, Dutch industry joined the GT-90 working association. On the German side, new tactical requirements were worked out, and the requirements must still be set up in the Netherlands.

For future years, therefore, I also expect good possibilities for Dutch participation in German development. Developments within the IEPG and NATO must constantly be taken into account, however.

For other armored vehicles, little or no opportunities for cooperation will presumably appear during the initial years. If present collaboration is continued, there may perhaps be possibilities for successor generations.

WT: Competition is now in progress for night-vision follow-up equipment for the LEOPARD-1. What is its current status? A German group is also applying, I believe. Will you purchase domestically for national reasons?

van Houwelingen: We now have the Zeiss system in our LEOPARD-2 and it has a number of technical problems. The Dutch government decided in favor of the Zeiss system in LEOPARD-2 some years ago. But at that time, the basic decision was also made to grant to Dutch industry the contract for the follow-up equipment of LEOPARD-1. This was the situation in 1981. During my first day in office, I was occupied with the corresponding documents and approvals, and I recognized three important conditions: money, the quality of the products, and the delivery time. Our army is just investigating the results of the Dutch product in comparison to the Zeiss system.

WT: Now will that be a political or technical decision?

van Houwelingen: In our country, every decision is political. I believe we must make this decision in 2 or 3 months. But we always keep an eye on the gentleman's agreement with Dutch industry.

WT: You recently concluded an MoU with the Spanish government. What is this MoU about?

van Houwelingen: Such an MoU is a political signal, and this is very important for the Spanish government. We have already concluded such MoUs with nearly every other partner in the alliance. It is important to maintain contact and thus to strengthen NATO. But I also believe that it is important for the Spanish government to reorganize its defense activities in correspondence with circumstances in West European countries. And for this reason, such cooperation is necessary.

WT: You have now carried discussions at the Hardthoehe. Were these discussions based on a special purpose?

van Houwelingen: We have excellent relations with many European countries and we have steering committees with France, Great Britain, and Italy. It is important also to have good contacts with the Germans. Our relationships with the Federal Republic of Germany are very close, especially with the army in connection with the LEOPARD tanks. Within the IEPG we also try to do everything to avoid double work. Thus there are currently five countries who are thinking about the combat tank 2000. This is a waste. Our relationship with Germany, especially with the army, is certainly to be evaluated positively. In the area of battle tanks we collaborate, set up a domestic co-production, but what we really want is participation in development, and specifically the development and production of special subassemblies in our country, not only for our own need but also for others.

WT: Are there areas in the armament field which are especially suitable for German-Dutch collaboration?

van Houwelingen: I can name a whole series of these. For example tank ammunition together with fuses, the cargo gun M-483, heat-image units, mountain tanks, the combat tank 2000, helicopters, guidance systems, the medium anti-aircraft rocket system, and the NATO fregate.

We also have such lists with other countries; with France and Great Britain such a list even is part of bilateral agreements. The corresponding control committees meet once or twice a year and inspect these lists.

WT: In the area of armament export, the Dutch government is following a restrained policy. How do you handle an export request?

van Houwelingen: In case of a request for an export approval, the economic ministry turns to the external ministry with a request for evaluating the foreign policy aspects. If armaments are involved which are also being used by the Dutch

fighting forces, the defense ministry is also consulted because of possible secrecy problems. As regards the weighing of political aspects, the following is particularly considered here:

the type of armaments, i.e. whether weapons and ammunition are involved or reconnaissance equipment, target acquisition equipment, and telecommunications and the like,

the position of the receiver country with respect to existing or potential conflicts and human rights as well as the internal and political condition of the respective country,

the type of armaments requirement of the receiver country, i.e. does it involve a replacement or an expansion; is there a risk of transmittal to third countries?

consideration of precedents with respect to the respective country,

possible international agreements that may be involved here,

possible relations within the framework of the Dutch development collaboration. If a so-called program country is involved, the minister for development collaboration is requested to give an opinion.

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MILITARY

NORWAY

WOMEN TO SERVE ON BOARD FRIGATES AS TRIAL

Oslo AFTENPOSTEN in Norwegian 24 Dec 85 p 11

[Article by Liv Hegna]

[Text] The Navy will make 1986 a test year for a project involving women. Starting 1 January female enlisted seamen will be assigned to frigates and motor torpedo boats. The chief of the coastal squadron, Commodore Kjell A. Prytz, told AFTENPOSTEN that the Navy has had enough of thoughts and opinions. "Now it is time to get some practical experience so that we know what we are talking about when we assess women on board naval vessels," he said.

The frigate KNM "Bergen" under the command of Commander Tor Christian Hallin has asked to try out having women on board. Prytz said the problem of crowded conditions below decks has been solved by putting up a simple plywood dividing wall with doors and hooks so the women can have a little privacy. "Past experiences with women in the Navy tell us that the walls are really needed for the men's sake. The women are quite capable of taking care of themselves," Prytz said.

During 1986 women will be assigned not only to frigates but also to mine-layers, corvettes and motor torpedo boats. Women have been serving for some time on the more comfortable coast guard vessels. Commodore Prytz said that it has been decided to keep women off of minesweepers for the time being. "The living conditions are much too crowded there," he said.

Not on Submarines

When asked if the Navy has considered assigning women to submarines as well, Commodore Prytz answered that this would be scrutinized more closely after they have had more experience with women on other types of craft.

We asked if there had not already been a female cook on board a submarine.

"That is true. But she has now signed off. Subsequent reports indicated that having her on board was no problem. Submarine crews are always prepared for combat so they never take their clothes off while they are at sea. That did not cause any problems for the cook, according to her own account. Now we'll see how things go before we put women on subs," said Commodore Prytz.

Women Recruits

The Navy's recruit training school, KNM "Harald Harfagre" outside Stavanger, has already graduated 15 women recruits after Storting decided to open basic training to women on an equal footing with men. The plan is to accept 40 women recruits twice a year. In the future it will be possible for these young women to apply for shipboard service after they have finished their basic training. The only exceptions are minesweepers and submarines.

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ECONOMIC

AUSTRIA

OEVP MAKES PROPOSALS ON ECONOMIC, BUDGET POLICY

Vienna PROFIL in German 28 Oct 85 p 28

[Article by Walter Schwarz: "Count Robby's Turning Points"]

[Text] The final statement was dripping with solemnity: "To make certain that in the future reform measures will not only be discussed, but also implemented by the political decisionmakers, we herewith propose five principles to serve as a mandatory basis for action by a future OeVP [Austrian People's Party] government."

These are the five principles, published on page 62 of an OeVP Economic Program, which is to be adopted, among other things, in a caucus meeting of the opposition Blacks in Villach:

- The position of the minister for finance in juggling the budget is to be strengthened so as to give him the authority for actually solving budget problems. "Part of the budgetmaking process shall provide for strengthening the position of the minister for finance in finalizing the budget; at the same time, there shall be an improvement in parliamentary control over budget implementation. The Austrian Constitution shall in the future prescribe the establishment of a 4-year prospective budget, so as to make budget policy independent of opportunistic everyday politics. The motivation for making responsible budget proposals shall be guaranteed by expanding parliamentary control authority and the establishment of concurrent controls of budget implementation," are the words used in the OeVP paper.
- Jurisdictional overlaps in granting financial support by the ministries for science, transport and commerce shall be eliminated. It is urged that "in the future, all financial support, including that for economy-related technology policy, shall be concentrated in a 'Ministry for Economy'."
- The Black creators of ministries demand that in energy policy, "the political responsibilities of the minister for commerce and energy shall again be clearly and unambiguously defined." "Political legitimacy" is to be rescinded in the case of the "government expert for energy policy;" Joern Kanitsch's position is therefore to be simply eliminated "in favor of a clear definition of ministerial responsibility." In case of major projects involving energy policy, there are to be mandatory procedures for "environmental impact assessments with citizen input," guided by a single agency in a standard proceeding.

- "To reestablish fair income and job opportunities in all regions of Austria," regional political jurisdictions shall be transferred back to the Office of the Federal Chancellor from the Ministry for Economy and Transport.

- The advisory bodies, boards and commissions which have proliferated "in the governmental environment" shall be "critically examined as to their necessity and functional capabilities;" clear specific responsibilities of individual ministers must be reestablished--this is the Black's challenge to the committee-riddled republic.

OeVP economic spokesman Robert Graf is the intellectual godfather of the opposition paper, which is a mixture of previously elaborated proposals (e.g., the tax reform draft and the denationalization plan) and new concepts, among them 13 points for a "change in industrial policy." "Graf [Count] Robby's" idea of industrial change: a bottom line of 50,000 new jobs to be created within the next 10 years. Quoting from the OeVP paper: "Ten years from now at the latest there should be 10 to 15 Austrian industrial enterprises or corporations with sales of between 5 and 20 billion schillings which are neither state-owned nor subsidiaries of multinational corporations."

Among other things, the 13 industrial policy change points demand that research and development be supported "in a fashion similar to that practiced in other Western nations," e.g., up to 50 percent of expenditures and the cost of R&D personnel for 5 years. For new production costs (e.g., in electronics, biotechnology, environmental technology) "support funds up to 30 percent of start-up costs are to be granted."

"Graf Robby" would expect his changes to provide some largesse for state-owned enterprises also: "To improve their capital situation, both state-owned and bank corporation-owned enterprises must be given access to the Austrian capital market; member enterprises of the OeIAG [Austrian Industrial Corporation] would be limited to a 40 percent share of private capital." Industrial subsidiaries of banks would be exempt from this upper limit. As a matter of principle, the OeVP concept presses for stimulation of the private investment capital market, which "in the short term could generate 4 to 10 billion schillings annually in additional internal capital." A prerequisite for this would be that the investor would see an advantage in placing a part of his savings in a somewhat more risky investment.

The Blacks assign a total of 20 individual demands to the consolidation and reorganization of the national budget. Among other things:

- "Budgetary maneuvering latitude must be improved through radical limitation of government securities management, rigid line item allocation and Federal guarantee promises which affect the budget."

- "A radical reform of the prehistoric organization of the OeBB [Austrian Federal Railways] must result in cutting the OeBB deficit at least in half...."

- "In line with less bureaucratic and more cost-efficient management, one goal is to eliminate the government-operated railroad and postal services from the budget and to convert them into private corporations...."

9/11/1989

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ECONOMIC

AUSTRIA

SMALL DROP IN TRADE WITH SOVIET UNION NOTED

Vienna INTERNATIONALE WIRTSCHAFT in German 24 Oct 85 p 15

[Article: "Trade with the USSR--Austria is Foremost Among Small Trade Partners"]

[Text] Severe traffic interruptions caused by the hard and long winter, especially the virtual standstill of Danube traffic, caused a significant drop in Austrian-USSR trade in the early part of this year. Austrian exports [to the USSR] dropped by 24.5 percent, Austrian imports by 39.5 percent. However, during the months that followed these declines were largely made up for. From January through July, Austrian exports amounted to 8.3 billion schillings--a drop of 0.9 percent; Austrian imports dropped by 10.5 billion schillings-- a drop of 4.8 percent. The Austrian trade deficit for this period amounts to 2.2 billion schillings, compared with 2.6 billion schillings at the end of July 1984.

The share of USSR business of total Austrian exports, which had climbed from only 2.7 percent in 1980 to 4.47 percent by 1984, regressed to 3.97 percent during the first half of 1985. While the USSR remained the largest export market in the CEMA area, it was only seventh among Austrian worldwide export countries (having been number four the year before) after the FRG, Italy, Switzerland, the United States, Great Britain and France. At the same time, the share of USSR imports of the total Austrian imports dropped from 5.0 to 3.8 percent.

With a continuation of the present trend of a further small increase in exports and imports for the second half of 1985, total Austrian exports for the year should amount to about 14 to 15 billion schillings, compared to 19 to 20 billion in imports; this would result in an Austrian trade deficit of 4 to 5.5 billion schillings, i.e., about the same as last year.

The share of Austrian deliveries to the USSR in the total USSR imports, which had increased from barely 1 percent in the early 1980s to 1.36 percent in 1984, was again reduced to 1.1 percent during the first half of 1985. The Austrian market share of USSR exports amounted to 4.5 percent of exports to the West and 1.1 percent of overall exports during the first half of 1985.

According to Moscow statistics, Austria was in first or second place among the smaller Western trading partners in the first half of 1985. According to Soviet statistics, the trade volume with Austria from January through June 1985 amounted to 772.6 million rubles, a drop of 10.4 percent. Soviet exports to Austria are said to be 370 million rubles, or minus 2.9 percent; imports from Austria: 402.6 million rubles, down 16.3 percent.

In view of the long-term sheet metal and pipe orders from the USSR to the VOEST-Alpine, the structure of Austrian exports has for many years consisted of a large share of "processed goods" which thus occupy the number one position among the export main item groups. The value of steel goods exports (pipe and sheet metals, structural and strip steel) mounted by 0.3 percent, to 2.6 billion schillings, during the first half of 1985. The second largest group of merchandise is machinery, which reached a record 4.2 billion schillings in 1984, mainly due to the delivery of the Shlobin compact steel plant, constructed by VOEST-Alpine together with more than 200 Austrian subcontractors. While during the first half of the year deliveries of machinery and transport items dropped by 18.7 percent, their value of 1.8 billion schillings still constituted 26.1 percent of total exports. Water transport vehicles, with a value of 1.2 billion, were the single largest item of this group of merchandise. There was a favorable development in the export of machine tools, especially textile and food processing machinery; building, paper, office and data processing machines were less favorable. The value of exported electric motors dropped by 56 percent, that of communications equipment rose by 49 percent.

Consumer goods were the third largest export goods group. The main item among them were shoes--an increase of 28 percent to 482 million schillings, followed by clothing--up 346 percent to 183.8 million. Other important merchandise consists of printing products, synthetics, lighting fixtures and measuring and testing instruments. Food exports occupy fourth place in the first half of the year, at 672 million schillings--down 13 percent. Main export items were wheat, dairy products and meat. With chemical products--in fifth place--last year's decreasing trend was overcome with an increase of 12.3 percent to 405.2 million schillings. The main export articles in this group are plastics and synthetic resins, also paint and tanning materials. Pharmaceutical exports showed good progress. Austrian raw materials exports to the USSR consist mainly of synthetic fibers.

Austrian imports from the USSR continue to be dominated by fuels and energy carriers; during the first half, at 6.6 billion schillings (down 7.5 percent), not as significantly as heretofore. Natural gas imports increased by 23.6 percent, to 5.3 billion schillings, oil imports dropped by 58 percent, to 1.05 billion; coal deliveries dropped by 27 percent to 211 million schillings.

Austrian raw materials imports (992 million schillings, up 5.8 percent) consist mainly of ores and scrap metal (633 million, up 16 percent). Within the "processed goods" group (268.7 million schillings) the largest item are the non-ferrous metals with 148 million schillings; among chemical products (230 million schillings) about one-half consists of synthetics imports. In fifth place is the machinery and vehicle group, with a delivery value of 59.3 million; more than one-half of it consists of Soviet automobiles and spare parts. Austrian imports of food products (30.1 million) and consumer goods (12.6 million schillings) are relatively insignificant.

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

STUDY FINDS YOUTH CRITICAL OF, NOT HOSTILE TO TECHNOLOGY

Bonn AUS PARLAMENT UND ZEITGESCHICHTE (supplement to DAS PARLAMENT) in German
21 Sep 85 pp 27-37

[Article by Rainer Geissler: "Hostile to Technology and Averse to Work? - On the Change in Youthful Attitudes"]

1. Introductory and Methodological Remarks

"The youth of today is fundamentally corrupt, it is evil, impious and idle. It will never be as good as youth used to be, and it will never succeed in preserving our culture."

To express their worries about the moral decay of the young generation, Babylonian culture critics scratched this self-righteous judgment of youth on clay tiles 5,000 years ago. Crude generalizations of this nature are no longer customary, but our youth sees itself exposed to more or less sweeping reproaches on the clay tiles of our age--the mass media. In recent years, we heard many critical voices in reference to youthful attitudes to technology and work effort. Scholars and reporters, politicians and economists accuse the young of weariness and rejection of technology, hostility to technology or even downright hatred of technology, (1) they talk of aversion to work and effort, the avoidance of responsibility, the zero generation.

What would it mean if youth really were as its critics assert, if it were hostile to the technological world, anxious to avoid the expectations of society with regard to its contribution? Modern industrial society is both a technical-scientific civilization and a performance society. In a technical-scientific civilization, technology--its machines and appliances--permeates all social life; scientific-technological development and social development are indivisibly linked to one another. Moreover, a performance society assumes that the claims on performance are suitably met in the work world. If we consider only the beneficial aspects of technical advance and the implementation of the performance principle, we may well claim that a highly developed technical infrastructure and a large measure of willingness to perform represent the basis of high-volume commodity output and efficient services, competitive capacity in science, industry and business, prosperity and the standard of living of large groups of the population, safety and health, greater ease of work and recreational amenities.

Is youth about to turn its back on this basis? Is the "skeptical generation" of the postwar and reconstruction era, the "rebel generation" of the prosperous society being succeeded by a youth alienated from the foundations of the modern society and, with hostile aversion, abandoning it--this time without any revolutionary urge? Are hostility to technology and aversion to work spreading, and should this be interpreted as the symptom of the "departure" from the scientific-technical performance society, a step on the way to the "great refusal" that Herbert Marcuse called for 20 years ago?(2) Are our children and grandchildren endangering the heritage of their fathers and grandfathers?

The following aims to answer these questions on the basis of empirical materials to hand. We had at our disposal a plethora of polls relating to the attitudes of youth and selected mainly those which posed these same questions at various points in time, so that the results are suitable for comparison. This procedure offers two advantages: On the one hand it permits us to offer empirically based indications of trends in the change of attitude, on the other we get more persuasive and illuminating statements from percentages which can be compared in terms of the various periods of time than we would get from figures arrived at in isolation.

Many objections may be raised with regard to the use of polls by attitudinal research. I will briefly deal with two major criticism of panel analyses or data obtained from public opinion institutes. It is indeed conceivable that the persons polled at various times may interpret the same questions in a different manner; the "meaning" of a question may have changed. Such "shifts in meaning" cannot be rejected out of hand; however, they do not necessarily occur in each case. In connection with research on the change in values, this question of methodology was also reviewed empirically, with the result (encouraging for panel users) that the meaning of the questions studied had not changed in the course of time.(3) The following analysis of time series is based on the assumption--empirically unchecked but plausible--that the context of meaning of the questions used has remained the same during the entire period under review. In other words, it is suggested that the shifts in response indicate a change of opinion or attitude, not a change in the meaning of the indices used.

The second objection is to the effect that the answers to single questions cannot accurately reflect attitudes, and that--in the jargon of the experts on methodology--single answers are unreliable and not very valid indicators of the opinions and attitudes claimed to be measured thereby. The following analysis takes into account this objection in so far as the interpretation of the empirical data does not rely on isolated and single questions and answers but always on a group of questions, a "sample" of answers which deal with similar topics.(4)

II. Attitudes to Technology

1. Rising Interest in Technology

The first thesis to be deduced from numerous studies is this: The interest of youth in technology and its products has definitely risen in the past 20 years.

In 1981, considerably more young people than in 1965 are interested in cars and motorcycles, radio and television, technological hobbies, drafting and similar pursuits. The bald statistical data of the Shell studies dating from 1965 and 1981 respectively (5) are merely quantifying something that is quite evident to the observer of daily life: The cult of the motorcycle and enthusiasm for cars is just as much part of the image of modern youth as the fascination for entertainment electronics or pleasure in playing games on the home computer. Adolescents are often better informed about microelectronics than their elders.(6)

Nevertheless, it was in the second half of the 1970's that the catchword about the young generation's hostility to technology first surfaced. These fears were primarily derived from the observation that engineering courses at the colleges and the engineering related courses in the senior grades of the secondary school had obviously lost popularity.(7) It was very rash, though, to interpret the relative decline in the figures for engineering students and the relatively weak standing of mathematics-natural science studies after the reform of the senior grades at the secondary schools as the sign of alienation from technology. This is demonstrated very clearly by the fact, for example, that 2.5 years ago a veritable rush to the engineering disciplines occurred, once it became public knowledge that engineers allegedly threatened to be in short supply. Nor does the relative caution regarding the choice of mathematics-natural science studies have much to do with increasing hostility to technology. Actually it is due mainly to the equality achieved by girls in the institutions of higher education.

2. On the Girls' Reservations about Technology

In connection with the interest in technology, we must emphasize that sex specific differences are certainly important also for attitudes to technology. Girls and women have always been and still are less interested in technology. When asked, 57 percent of boys at 18 testify to a very strong interest in technology, only 13 percent of girls do so. By comparison, two thirds of the girls have little or very little interest in technology, compared with only a quarter of the boys.(8) All the evidence shows that these differences have nothing to do with the biology of the sexes but are the product of society. Firmly rooted prejudices about the special feature of the "female nature" and the "male nature" induce girls from the age of infancy to believe that technology is something for men only. They are given doll houses instead of tool kits. Their abilities for technical competence wither away and with them their interest in technology.(9)

In the past 10 years, educational reforms have abolished the discrimination of girls in the academic secondary schools, enabling women to increasingly enter

colleges. As a result, the traditionally female (and that means non-technological) interests are coming to the fore there. At both the reformed academic senior grades at school and the colleges, women select "their" fields of study, and these are not technical. Mathematics is the most popular course for boys at the academic secondary school. Girls, on the other hand, usually decide for foreign languages, biology and German; mathematics ranks fourth. Physics takes fourth place among the boys, a lowly 10th place among the girls.(10) At the universities, too, young women avoid the engineering sciences: There are only 7 women among 100 civil engineering students, and not even 2 women among 100 electrical engineering students.(11)

Though Federal German society has conducted the girls to the institutes of higher education, it neglected to conduct them also toward technical civilization.

3. Sensitization To the Perils of Technology

The empirical data yield a second suggestion: In the past 20 years, youth has become more critical of its technological environment.

Optimistic faith in technology has been increasingly replaced by sensitization to potential perils liable to be generated by technical innovations. The question of the "curse" or "blessing" of technology is asked in relatively pointed and extreme terms, the change in attitude presents itself as follows:(12)

Among the 16-20 age group, the following percentages believed that technology generally represents

	1966	1976	1981
Percentage			
More like a blessing	83	53	23
Yes and no	8	33	54
More like a curse	2	8	19

In response to the "softer" phrasing of the questions by Emnid and Infratest, there is a shift in favor of technology. About half the youths in 1981 are technology optimists with a favorable attitude to technology and feel that the agreeable aspects of technological progress predominate. Roughly a third are ambivalent, and according to them, neither the pleasant nor the unpleasant aspects of technological progress predominate. The group of skeptics or pessimists is the smallest: About a fifth are somewhat skeptical about technology, and something like a sixth think that the unpleasant effects of technical progress predominate.(13) According to the latest Emnid poll, 18 percent of the 20-29 age group believe in the predominance of the unpleasant effects of technical progress; only 7 percent of teenagers share that opinion.(14)

When we somewhat more exactly trace the outlines of attitudes to the technological world, we note that the judgement of the young on technology is sometimes uniformed but all the same quite sophisticated and varied. Technology as such is not the object of criticism, only specific manifestations of the technological world. In 1984, Emnid asked for the most unpleasant effect of technical development and obtained the following answers (percentages):(15)

	16 - 18 age group	20 - 29 age group
Environmental pollution	20	26
Unemployment	14	25
Nuclear energy, nuclear weapons	7	6
Weapons of destruction, missiles	6	2

The destructive potential of weapons systems and nuclear power plants are in fact important focal points of the criticism of technology,(16) but they are relatively rarely considered the most unpleasant aspect of technological development. Anxieties are primarily centered on the destruction of the environment and the shrinkage of jobs. About half the young believe that technical progress causes unemployment and adversely affects the quality of labor. No more than 20 percent agree with the opinion that technology makes work more interesting, while 50 percent believe that technology makes for greater monotony. It is interesting to note in this connection that this pessimistic assessment of the consequences of technology is due to lack of information and experience, because the vast majority of people at work, whose jobs were changed in recent years by technical innovations, consider the effects of technological progress to be beneficial: 50 percent thought their work was now more interesting, only 13 percent complained of greater monotony.(17) In the metal industry, jobs involving electronics are judged to be better than other jobs; they are more interesting, less monotonous and offer greater variety, allow for more independence and afford more enjoyment--they are also more instructive. Admittedly, unskilled and semiskilled workers complain about increasing monotony and loneliness due to technicalization.(18)

The disappearance of an uncritical optimism regarding technology is not a phenomenon confined to the young. Adults, too, have become more sensitive to the dangers of technology. The change in the attitude of the young is part and parcel of a similar change in the general public. Young people are merely exposed to it to a somewhat greater extent. By comparison with adults they are also slightly more critical of, and less optimistic about technological development.

4. Causes of the Trend

What are the causes of this change in attitude?

Criticism of technical progress is not a modern invention, it is actually as old as technical progress itself. In modern Germany, we may note three

tendencies of the criticism of technology: New humanism, conservative cultural criticism and left cultural criticism. The followers of the new humanist educational ideal downgrade technology to a minor matter lacking the consecration of genuine culture.(19) Conservative cultural critics such as Oswald Spengler, Ortega y Gasset or Ernst Juenger and, among the sociologists, Arnold Gehlen and Helmut Schelsky, complain about the alienation of man in a technicalized world of large bureaucratic organizations. Left cultural critics, among them Max Horkheimer, Herbert Marcuse or Ivan Illich, also denounce the oppression of man by technology.

These critical interpretations of technical development have long been available as ideological models. Why is it that they found specially fertile soil in the past 20 years?

Educational System: The German educational system often serves as a scapegoat. It is alleged to be the breeding ground of alienation from and criticism of technology. However, this perception is patently erroneous. It may be considered the reflection of an antipedagogical resentment that is contradicted by empirical evidence. While it is true that German educational facilities display some hesitation in cutting loose from their new humanist tradition, they have never been a center of hostility to technology. Actually we have some proof that secondary school teachers are more optimistic about technology than the average of the general public.(20) That is also why half all school students consider their teacher's attitude to technology to be favorable; only 10-13 percent report negative influences at school.(21) The educational system's contribution to the change in attitude may be due rather to the fact that the general rise in educational standards has resulted in greater sensitivity to the ambivalences of technical development.

Change in values: The changes in attitudes to the technical world are also linked to the general shift in the value system of Western industrial societies. So-called material values, such as a strong defense or economic growth, are losing ground to the so-called post-material values such as codetermination or the wish for a sound environment or nature. The young are more strongly exposed to this change in values than are their elders. Faith in technology tends to be perceived as part of the sphere of material values, criticism of technology as part of the sphere of post-material values.(22)

The crises of the age: It seems likely that the crises in the economic, social, technical and military development in Western industrial states have affected the change in attitude rather more than the expansion of education and the shifts in value system. The catchwords are: Energy crises, economic crises, environmental crises and the pollution of waters, furthermore the perils inherent in nuclear power plants. At the same time, the major industrial countries have demonstrated their inability to control the steady growth of their destructive potential.

5. Appraisal

There is nothing to be concerned about in the fact that unlimited faith in technology is changing to critical loyalty. On the contrary: Youth which is

interested in technology but at the same time critically observes technological development and its ambivalences, will appropriately respond to the two faces of the technological world, its opportunities and dangers. On the other hand, some anxiety is due the fact that we have had a rise in the minority of technology pessimists, some of whom are turning their back on technological civilization or even rebel against it.

III. Attitude to Performance

1. Less Identification with Work and Performance

Helmut Schelsky describes the postwar young of the 1950's as the "skeptical generation" and also as the "adapted generation." It is skeptical toward political and ideological promises but, at the same time, "adapted to and able to cope with the structures and requirements of the modern society to a greater extent than any generation of young before them." (23) The young are fully integrated in the work life of the reconstruction phase: Willingness to work, readiness to perform and satisfaction with work and profession are their characteristic features. (24)

Data culled from polls in the 1960's and 1970's show that the attitudes of the young to the requirements of work life have indeed changed. This attitudinal change is best demonstrated by some data from the Allensbach Institute for Demoscopy which over and over again asked the same questions across long periods of time.

-- The first series refers to job satisfaction. The feeling of finding full and complete satisfaction in the job of the moment initially expanded in the 1960's but started to decline from 1967 on and, in 1980, was well below the 1960 level.

Job satisfaction among the 16-29 age group (percentages): (25)

Present Job	1960	1967	1973	1980
Fully and completely satisfies me	46	60	46	33
To some extent only	47	34	46	56
Not at all	7	5	7	10

-- As the chances for full satisfaction by the job have declined, it is not surprising that the search for fulfillment has shifted to spheres outside work. Consequently, the view gained some ground among the 16-29 age group in the 1960's, especially, that it "would be most desirable to live without having to work." (26)

	1952	1960	1972	1980	1981
Agree	16%	22%	36%	36%	26%
Disagree	76%	70%	57%	53%	57%

The trend of one's interests increasingly turning away from the job to other fields is also visible in the replies to the following question: "What are generally your preferred hours of the day: The hours of work or the hours when you do not work, or do you like both of them?" The preferences of the 16-29 age group were as follows (percentages):(27)

	1962	1974
Hours at work	2	2
Hours not at work	36	51
Both	54	44

-- Another question confronts the young people with the alternative performance or enjoyment of life or taking it easy--a quite problematic alternative because it excludes the possibility that performance may make for enjoyment. Among the 100 young polled, the decision went to:(28)

	1956	1960	1964	1973	1977	1980	1982
Enjoyment and no more effort than necessary	33	37	37	49	50	43	45
Perform well, even if that should be often hard and strenuous	52	53	54	33	35	31	33

The readiness to perform grows less in the 1960's, hedonistic attitudes and the desire to take it easy increase somewhat. Typical for the more restrained willingness to perform is this statement by a student aged 24: "I will not give in to the pressure to perform as much as many others. I esteem private bliss more than professional success. This does not mean that I will not perform well in my future profession, but only to a certain extent."(29)

-- In the 1970's, too, the distance kept with regard to social performance demands has continued to grow somewhat. This is revealed by a study conducted by the youth agency of German Shell, dealing with the 17-29 age group. The feeling of being severely tested at school, university or job has slightly increased.(30) In 1972, 23 percent considered the demands made excessive, 33 percent did so in 1979. At the same time, dismay at the demands of the performance society had spread. In 1973, 63 percent considered these demands appropriate and good, in contrast to only 44 percent in 1979. This impression is strengthened by the perception that these people were less eager to rise on the social ladder. In 1973, 67 percent of the young generation wished to be better off than their parents, 6 years later only 49 percent expressed the desire for a higher social status.(31)

-- A new empirical study on the change in attitudes to performance in the total population of the Federal Republic arrives at the conclusion that the increasing alienation from performance, profession and work, demonstrable since the early 1960's, is not continuing at the present time. We see some indications that this trend has diminished due to the shortage of paid work, which began in the second half of the 1970's, and that indeed job performance is now enjoying greater esteem once more. "The pendulum of the change in attitudes seems to be swinging back."(32) Some materials from studies of young people suggest that this cautiously worded statement applies to the young generation, too.

In 1984, the Konrad-Adenauer Foundation repeated some questions already found in the 1979 Shell study.

Though, in view of the difference in age groups, the studies are not directly comparable, we may conclude that the young have begun in the recent past to be more oriented to performance and professional success. However, the data base is too narrow for us to be able to deduce a confident statement on a change in trends regarding the attitude to performance and work.(35)

	1979(33)		1984(34)
	17-19 age group	20-23 age group	14-21 age group
Performance and success are a definite part of my life	45	43	78
I wish to get ahead in my career	47	39	71
I will try to withdraw from the pressure to perform, because I definitely reject it	23	31	29

In general, therefore, the trend analyses reveal the following: In the 1960's and 1970's, changes occurred in the attitudes of some of the young to performance and work. The total identification with work loosened. A certain distance was preserved toward the performance society. The demands made by training and the job were more often felt to be excessive, motivation for rising on the social scale was weaker, the readiness to perform slackened, the meaning of life and fulfillment were sought more in spheres additional to or outside working life--in private life, the family, also in social and political commitment or other leisure activities. This development evidently came to a halt in the second half of the 1970's, and there are some scant indications that performance and work have lately begun to once more enjoy greater esteem.

At this junction, I must reiterate my remarks on the change of the attitude of the young to the technological world: The changes described are not manifestations exclusive to the young. The increase in the distance assumed with regard to work and performance is demonstrable among adults also.(36) The attitudinal change in the young is rooted in the corresponding changes among the public at large. This development proceeds somewhat more dynamically and acutely among the young than in adult society, because the young are generally less well adjusted to social demands due to their youth and the shorter socialization process. The features of change are therefore more sharply defined in them.

2. Causes of the Change

So much for the trend analysis. What are the causes of the attitudinal change described?

The following statements on the causes of these changes must carry two provisos. On the one hand they are in part based on plausibility assumptions, in other words some of them lack empirical evidence, though of course they are not contradicted by such evidence either. On the other hand, some explanations refer to life experiences not yet known to some of the young people, for example experiences in the family or the working world. These are therefore applicable more to the change in attitudes of adults or young people who are married or working. We may assume that the attitudinal change develops its own dynamism, that groups of the public with specific experiences convey it to other groups also. The young whose attitudinal models are still relatively insecure, are likely to be particularly subject to in such changes in trends.

We may distinguish four groups of causes.

a) Competition by Family, Consumption and Leisure

Vital spheres outside work are increasingly preoccupying energies and diverting them from the working world. This applies to the family as well as to the sphere of consumption and leisure. The outside work of women, their release from exclusive fixation on household and child rearing means that

women--and increasingly also men--need to play a dual role: On top of the obligations of their work, they have obligations to the family. Family life not only serves as a recreation from professional work: Requiring work in the household and "parenting," it also makes demands on the time and mental energy of the gainfully employed workers. At the same time, the world of consumption and leisure has become more attractive. Greater prosperity and the tempting offers by the consumer goods and leisure industries have considerably improved the opportunities for consumption and leisure. Advertisers daily suggest to the wage earner that he might harvest the fruits of his efforts at work in the form of enjoyable consumption and leisure. Family, consumption and leisure are increasingly competing with the working world.

b) The Relative Satiation of Material Needs

The rise in prosperity has had the result that the prospect of higher incomes has lost some of its performance motivating force. As material needs have reached a point of relative satiety in the medium and upper classes, people are no longer willing to pay any price for the improvement of their social status or rises in income. The system of material incentives has lost much of its attractiveness for the wealthy groups of society.

c) Change in Values

While the satiety hypothesis is disputed,(37) satisfactory empirical evidence exists for the third group of causes. The changes in attitudes to work are linked with a general change in the value system. As carefully documented by Helmut Klages, the values of self-development such as involvement, emancipation, variety, enjoyment, tension, self-realization, independence, and so on, have gained importance in the past 30 years. Thrust into the background, on the other hand, were the so-called values of duty and acceptance--discipline, obedience, diligence, willingness to adapt, abstemiousness, and others.(38) This change in values is reflected in greater demands on the job: Interesting and varied work, meaningful employment, opportunities for codetermination on the job are now called for not only by the upper strata of employees but also by the middle layer of clerks and skilled workers.(39) The higher educational standard of the young generation is another factor in the greater demands on job activities. The hierarchical and organizational structures of the work world are unable to rapidly adjust to these higher expectations, so that the claims of the employees collide with the conditions prevailing on the job. Deception, dissatisfaction and, ultimately, internal alienation from the work world and withdrawal to leisure and private life are the consequences of the abyss between wishes and requirements.

It therefore seems to me justified not to equate the distance to the performance expectations on the job with a general drop in the willingness to perform. It may be useful to distinguish a traditional and a newer type of willingness to perform. The person with the traditional willingness to perform makes an effort to achieve objectives dictated from the outside. The newer type, on the other hand, is willing to perform only if the demand for performance at least to some extent conforms with his need for self-development and his own conceptions of what makes sense. If that is not

possible in his job, he turns to other spheres of life to there turn in individual performances in his meaning. The traditional type accepts claims on his performance as imposed from the outside, the new type aims to codetermine the substance of the claims on his performance.

d) Poor Job Prospects

The young are more prepared to perform if they have faith in the success of their efforts. This connection is also empirically proven.(40) The currently poor chances of getting a start in professional life caused, by the permanent crisis on the labor market and made more acute for the young by the "birth mountain," impair their willingness to perform.

The unemployed young represent a special problem group. The performance society offers them no chance--at least temporarily and frequently for long periods--of proving their willingness and capacity to perform. It is not surprising, therefore, that half of them question the validity of the performance principle, and that only 25 percent believe that effort pays off.(41)

3. No Rejection of Work and Performance

Is there a danger that the attitudinal change described presages the end of the performance society? There is little cause for a pessimistic view of developments. To begin with, I would point out that the large majority of the young generation continues to assign work and professional success to the top group of their important life interests. To buttress this assertion, let me cite some results from various polls in the past 5 years:

- Professional advancement counts among the important concerns of 91 percent.(42)
- "A job that pleases me" is reckoned by 80 percent among the claims on life of particular importance for their personal lives.(43)
- Almost 80 percent consider that life would be empty without work.(44)
- Seventy-eight percent agree with the statement: "Performance and success in life are among my expectations."(45)
- Seventy-one percent aim to advance in their careers.(46)
- For 68 percent, pleasure in the job rank among the things making life worth living.(47)
- The performance principle is affirmed by 68-75 percent.(48)

Vocational training also meets with a favorable assessment by a majority. It is enjoyed more than university studies or the school years. Though many young people fail to obtain their first choice of training place, due to the lack of trainee jobs, 62 percent of those young who are already in a job take pleasure in training and the job, compared with only 54 percent of university students and 34 percent of school students.(49) Lastly, the interest in

continuing professional education is particularly strong among the young, about twice as strong as in the public at large.(50)

No more than a minority would like to escape the working life. They amount to around 20-30 percent of the young.(51) As the trend to a loss of importance of work and performance has evidently come to a stop, we do not at this moment have any reason to fear that this group might grow to dangerous dimensions or even turn into the majority. Admittedly, we need to keep the following aspects in mind: As mentioned before, the unemployed young are among the special problem groups; and young people who must make do with a job not consonant with their skills also tend to turn their backs on performance values.(52) The further growth of the group "alienated" from working life might therefore depend on the two following factors: First, whether we succeed in limiting and, if at all possible, reduce youth employment, and second whether it will be possible to bring into balance the level of demand and the work situation of the many young people who, as the result of the spread of education, earn medium and higher educational qualifications.

4. Appraisal: Appropriate Response

Critics of the attitudinal change to work and performance see threats to the performance society on the horizon; they interpret the development as the "creeping poisoning"(53) of working life, the decline of the work ethic, crisis, erosion or ruin.(54) However, another assessment of the facts of the matter seems plausible and almost more persuasive. A slight slackening of the identification with work and professional performance may also be interpreted as the appropriate response of the young to the structural problems of the industrial service society. The shortage of payable work appears to be a permanent problem of the modern work world which is being more and more rationalized and automated. The consequences--unemployment, part-time work, cuts in working hours--will be made to better agree with the needs of people if some members of the public no longer predominantly concentrate their need for self-realization on work and professional performance.

IV. Summing-up: Critical Faith in Technology and Performance

The analysis of the empirical data on the change in attitudes has demonstrated that labels such as "hostility to technology" and "aversion to performance" overdramatize the actual development. Only a minority of the young tend to turn their backs on the scientific-technological performance society. The majority attitude may best be described as critical faith. Vigilance with regard to the perils of technology has destroyed the old naive faith in technology, but the appreciation of the benefits of technological developments has not been lost. Simple acceptance of occupational performance expectations has been replaced by the critical scrutiny of the substance and dimension of the demands of the work world, but interest in work and the willingness to perform have not gone. Youth has emerged from the stage of naive identification with technology and performance and is rather more thoughtful now. As long as the genuine "refuseniks" remain a relatively small minority, there is no reason to fall victim to culture critical pessimism about the change in attitudes. On the contrary: Thoughtfulness with respect to technology and performance should be considered a more appropriate response to the challenges and problems of the high-tech industrial service society.

FOOTNOTES

1. See Horst Ziefuss, "Technikfeindlichkeit der Jugend - Eine Vergebliche Debatte?" [Youth Hostility to Technology - A Vain Debate?], Kiel 1983, pp 11ff.
2. Herbert Marcuse, "Onedimensional Man," Neuwied-Berlin 1967, pp 266ff.
3. Heiner Meulemann, "Change in Opinion and Change in Meaning," ZEITSCHRIFT FÜR SOZIOLOGIE, 13 (1984), pp 204-224; see also Klaus R.Allerbek/Wendy J.Hoag, "Poll Replication as Measurement of Social Change," KOELNER ZEITSCHRIFT FÜR SOZIOLOGIE UND SOZIALPSYCHOLOGIE (1984), pp 755ff.
4. See Klaus Allerbek, "System Interpretation and Social Role Models of Youth," "Aus Politik und Zeitgeschichte" [From Politics and Contemporary History], Vol 50/84, p 15.
5. Youth Agency of German Shell (publishers), "Jugend, Bildung und Freizeit" [Youth, Education and Leisure], 1966, p 223; Youth Agency of German Shell (publisher), "Jugend '81" [Youth 1981], Vol 3, Hamburg 1981, p 27.
6. Bernd Meier, "Die Mikroelektronik," Cologne 1981, p 94.
7. More detailed data at Rainer Geissler, "The Attitude of the Young to the World of Technology," in Thomas Roser/Winfried Schlauffke (editors), "Jugend und Technik" [Youth and Technology], Cologne 1983, pp 23f.; see also Federal Union of Employers' Associations, "Ingenieurbedarf und Bildungssystem" [The Demand for Engineers and the System of Education], Cologne 1981; CDU/CSU Bundestag fraction, study group 15, collection of documents, "Hostility to or Fear of Technology Among the Young Generation," manuscript, Bonn 1981.
8. The Federal Minister for Education and Science (publisher), "Jugend und Technik - Technik und Schule" [Youth and Technology - Technology and the School], Bad Honnef 1982, p 43; see Elisabeth Noelle/Erich P.Neumann (editors), "Jahrbuch der Oeffentlichen Meinung 1968-1973" [1968-1973 Yearbook of Public Opinion], Allensbach-Bonn 1974, p 141.
9. See, for example, Christiane Schmerl, "Sozialisation und Persoenlichkeit" [Socialization and Personality], Stuttgart 1978, pp 134ff.
10. The Federal Minister..., (note 8), p 75.
11. The Federal Minister for Education and Science (publisher), "Zur Situation von Maedchen und Frauen im Bildungswesen" [On the Situation of Girls and Women in the Educational System], Munich 1981, p 119.
12. Ministry for Science and Art (publisher), "Kritik an der Technik und die Zukunft Einer Industrienation" [Criticism of Technology and the Future of an Industrial Nation], Villingen-Schwenningen 1982, p 7.
13. Siemens AG (publisher), "Majority for Technology and Technological Progress," manuscript, Munich 1981, p 2; EMNID-INFORMATIONEN (1981), 1/2, S.A.50f.; the proportion of skeptics of technology is greater in the

- study by the Federal Ministry for Education and Science (BMBW) (note 8) (pp 18ff), because students at academic secondary school are much overrepresented.
14. EMNID-INFORMATIONEN 1984, No 5, S.A.46
 15. Ibid, S.A. 42.
 16. See Youth Agency..., (note 5), 1981, p 83; INFAS, "Zur Situation der Jugendlichen in Nordrhein-Westfalen" [On the Situation of the Young in North Rhine/Westphalia], Bonn-Bad Godesberg 1982, p 29.
 17. Siemens... (note 13), pp 6f.
 18. IWD (1983) 43; Peter Pawlowsky, "Group Profession Specific Demands on Work and Working Conditions," in Hans-Joachim Hoffmann-Nowotny/Friedhelm Gehrman (editors), "Ansprueche an die Arbeit" [Demands on Work], Frankfurt/New York 1984, p 102.
 19. See Theodor Litt, "Das Bildungsideal der Deutschen Klassik und die Moderne Arbeitswelt" [The Educational Ideal of The German Classics and the Modern Work World], Bochum 1959, p 66.
 20. Ministry... (note 12), pp 8, 32.
 21. The Federal Minister... (note 8), p 48.
 22. Ronald Inglehart, "The Silent Revolution," Princeton 1977, pp 32ff; Helmut Klages, "Change in Value and the Crisis of Society in the Social State Democracy," in Joachim Matthes (editor), "Krise der Arbeitsgesellschaft? Verhandlungen des 21.Deutschen Soziologentages in Bamberg 1982" [Crisis in the Work Society? Discussions at the 21st Conference of German Sociologists in Bamberg 1982], Frankfurt-New York 1983, pp 341ff; Walter Hornstein and others, "Jugend Ohne Orientation" [Directionless Youth], Munich 1982, pp 118ff; Klaus Wasmund, "Youth and Changing Values in Modern Industrial Societies," in Klaus Wasmund (editor), "Jugendliche - Neue Bewusstseinsformen und Politische Verhaltensweisen" [The Young - New Forms of Consciousness and Political Behavior], Stuttgart 1982, pp 104ff; Uwe Goebel and others, "Das Jugendsyndrom" [The Youth Syndrome], Cologne 1983, pp 76ff; Helge Pross, "Was Ist Heute Deutsch? Wertorientierungen in der Bundesrepublik" [What Is German Now? Value Orientations in the Federal Republic], Reinbek near Hamburg 1982, pp 90ff; Thomas A. Herz is critical of the suggestion of a change to post-material values, see "Klassen, Schichten, Mobilitaet" [Classes, Strata, Mobility], Stuttgart 1983, pp 281ff.
 23. Helmut Schelsky, "Die Skeptische Generation" [The Skeptical Generation], Frankfurt-Berlin-Vienna 1975, p 77.
 24. Ibid, pp 214ff.

25. Source: Allensbach Archives, current polls, quoted as per Karl-Oswald Bauer/Dirk Hellmann/Hermann Pardon, "Einstellungen und Sichtweisen von Jugendlichen. Trends und Neue Ergebnisse der Jugendforschung" [Attitudes and Viewpoints of the Young. Trends and New Results of Youth Research], Einheim 1983, pp 27f; see also the more recent cross sectional data on the attitudes of the young to work in "The Destabilized Generation. Youth and Change in Values. A Report by the SINUS Institute, Compiled on Behalf of the Federal Minister for Youth, Family and Health," Opladen 1983, p 85; Elisabeth Noelle-Neumann/Edgar Piel, "Allensbacher Jahrbuch der Demoskopie 1978-1983" [Allensbach Yearbook of Demoscopy for 1978-1983], Vol 8, p 427; EMNID-INFORMATIONEN (1984) 3/4, S.A.30ff; Elisabeth Noelle-Neumann/Burkhard Struempel, "Macht Arbeit Krank? Macht Arbeit Gluecklich? Eine Aktuelle Kontroverse" [Does Work Make You Sick? Does Work Make You Happy? A Topical Controversy], Munich 1984, pp 1485,110.
26. Source: Allensbach Archives, current polls, here quoted from Karl-Oswald Bauer and others (note 25), pp 30f; see also later cross sectional data on the complex "Life Without Work?" in "The Destabilized Generation" (note 25), p 83; EMNID-INFORMATIONEN, (1983) 010, S.A.45ff.
27. Source: Allensbach Archives, current polls 253, 3002; here quoted from Helmut Klages, "Wertorientierungen im Wandel. Rueckblick. Gegenwartsanalyse. Prognosen" [Changing Value Orientations. Retrospective. Analysis of the Present. Forecasts], Frankfurt-New York 1984, p 108.
28. Source: Allensbach Archives, current polls 1000,1041,1086, 2096, 3039, 3080,4015, here quoted from Elisabeth Noelle-Neumann/Burkhard Struempel (note 25), p 11.
29. Youth Agency of German Shell (publisher), "Die Einstellung der Jungen Generation zur Arbeitswelt und Wirtschaftsordnung 1979" [The Young Generation's Attitude to the Work World and the Economic System in 1979], Hamburg 1980, pp 41f.
30. See also Elisabeth Noelle-Neumann/Edgar Piel (note 25), p 437; Klaus Wasmund (note 22), p 59.
31. Youth Agency of German Shell (note 29), pp 40f, 44.
32. Norbert Marissen, "Leistungsorientierung in der Bundesrepublik Deutschland. Einstellungsveränderungen als Folge einer sich Wandelnden Berufsstruktur" [Performance Orientation in the FRG. Attitudinal Changes as the Consequence of a Changing Occupational Structure], dissertation, Siegen 1985, p 53; a cautionary note says: "This statement is definitely to be handled cautiously, because this recent development is still devoid of a sufficient number of criteria."
33. Youth Agency of German Shell (note 29), Table 15.

34. Hans Joachim Veen, "Optimism Is Growing As Well As the Risks. Latest Public Opinions on the Political Culture and the Value Orientations of the Young," FRANKFURTER ALLGEMEINE ZEITUNG, 2 May 1984.
35. Another slight indication of the tendency outlined is given in an international study of young people. Admittedly, an operative attitude to work is widespread among young FRG people but has declined slightly between 1978 and 1983. In 1983, 22 percent of the young worked "to find self-confirmation," compared with 15 percent in 1978. In 1983, 13 percent wished to work to "meet their obligations as members of society"; in 1978 they accounted for only 11 percent. See EMNID-INFORMATIONEN (1984) 6/7, p 7.
36. Heiner Meulemann, "Value Change in West Germany, 1950--1980: Integrating the Empirical Evidence,": in SOCIAL SCIENCE INFORMATION, 22 (1983), pp 782ff; Helmut Klages (note 27), pp 57ff; Elisabeth Noelle-Neumann/Burkhard Struempel (note 25), pp 9ff.
37. See Randolph Volmmer, "The 'Toni-Kroeger Syndrome' - Or: How Much Has the German Work Ethic Slackened?" in Hans-Joachim Hoffmann/Nowotny/Friedhelm Gehrman (editors) (Note 18), pp 28f.
38. Helmut Klages (note 27), pp 17f.
39. Peter Pawlowsky (note 18), pp 94ff.
40. Norbert Marissen (note 32), pp 84 and 113ff.
41. Hartmut Grewe, "Critical Optimism on the Threshold to Working Life. Latest Data on the Social Environment of the Young," DIE FRAU IN UNSERER ZEIT, 2 (1984), p 26. On the connection between youth unemployment and performance orientation, see also Norbert Marissen (note 32), pp 103, 112.
42. Hans Joachim Veen, "Between Satisfaction and Protest," in "Materials for Civics Instruction 1981," p 54.
43. Youth Agency of German Shell (note 29), Table 36.
44. Henning Guenther, "Die Verwoehnte Generation?. Lebensstile und Weltbilder 14- bis 19jaehriger" [The Spoiled Generation? Lifestyles and World Images of 14-19 Year Olds], Cologne 1982, p 117.
45. Hans Joachim Veen (note 34).
46. Hans Joachim Veen, "The Post-material Revolution Has Not Happened. 1983 Youth Study Signals Satisfaction," DAS PARLAMENT No 21, 25 May 1985.
47. Elisabeth Noelle-Neumann/Edgar Piel (note 25), p 105.
48. Hans Joachim Veen (note 42), p 54; Henning Guenther (note 44), p 117; Ansgar Pieper, "Youth Polls. Reports. Appraisals," in Uwe Goebel and

others, "Das Jugendsyndrom. Versuch Einer Diagnose" [The Youth Syndrome. Attempt at a Diagnosis], Cologne 1983, p 76; Hartmut Grewe (note 41), p 26.

49. Hartmut Grewe (note 41), p 22.

50. Ansgar Pieper (note 48), p 77.

51. See note 26.

52. Norbert Marissen (note 32), p 96.

53. Elisabeth Noelle-Neumann, in Elisabeth Noelle-Neumann/Burkhard Struempel (note 25), p 193.

54. Examples from Randolph Vollmer (note 37), pp 16, 41.

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CSO: 3620/18

ECONOMIC

FINLAND

BUSINESSES' FREE REIGN TO CONTROL COMPETITION

Helsinki HELSINGIN SANOMAT in Finnish 26 Nov 85 p 23

[Article by Pellervo Alanen and Kustaa Hulkko: "Promised Land of Competition Restraints: Business Firms in Finland Are Allowed to Operate Freely to Prevent Competition"]

[Text] Why is the Central Organization of Meat Producers permitted to crush in its embrace its last noteworthy competitor?

Why is the state enterprise Kemira still allowed to maintain a 100-percent monopoly on fertilizer and to forbid central stores from selling foreign fertilizers?

Why isn't milk one of the items a store sells?

Why do television stores only grant discounts which are jointly agreed upon?

Because Finland is the promised land of restraints on competition. Here you are given a virtually free hand to restrict competition.

When the manager of a Finnish business firm delivers a speech, he swears in the name of free competition at the climax of the speech. Free competition is the "salt of business life" for both the state monopolist and the shopkeeper.

A week later, in the name of freedom to buy up competitive firms, the monopolist has purchased the last serious competitor. This is the way other people--not just those in cooperative associations--also operate.

Altogether 652 competition restraints are noted in the competition register of the Trade and Industry Administration. A good 40 firms are listed which occupy a controlling position in the market of certain goods. Most of the competition restraints are core agreements in the field, exclusive rights, etc.

Anticompetition viewpoints have also been expressed in the debate on competition. Even those who in principle defend free competition are liable to say in another

connection that because of international competition little Finland cannot afford completely free competition.

There is less jealousy than before in these viewpoints. The internationalization of business life has eliminated trade barriers. The markets can no longer be limited to Finland, and there are numerous examples of how even a small, specialized firm survives on foreign markets.

The principle of free competition now has strong support in Finland. The government has perceived that competition restraints and lack of competition stimulate inflation. The value of money has dwindled at a faster rate than in most European countries. Activity at the highest level of executive power is aimed at bringing the laws on competition up to date. Some business firms have recently urged Foreign Trade Minister Jermu Laine, among others, to speak out on the need for monopoly legislation.

Nowadays a price-watch and competition committee is being appointed, the purpose of which is to eliminate abuses of Finnish competition. In accordance with normal practice, the committee will be in session for a year, especially since a difficult issue is at stake. According to the worst cynics, the report may not be prepared until the free-competition vogue has irretrievably slipped away.

Attempts are made to safeguard Finnish competition in the office of the backyard on Vironkatu. On the same stairway are the Theosophical Society and the Laestadian University-Student Home, neighbors of the official who oversees competition.

Horizontal (operating at the same level) price and quota cartels are fast becoming more and more common, according to Olavi Vayrynen, the official who oversees competition. They would be prohibited by the updated legislation.

Superb Sponsors of Competition

Keeping an eye on freedom of competition in Finland is the responsibility of the Trade and Industry Administration, the Competition Council, and the official who oversees competition. Restraints on competition are compiled by the Trade and Industry Administration's competition office, whose walls bend from the bulging dossiers of business firms.

After the competition restraints have been confirmed, they mostly gather dust in the competition office. The task of the office is only to register the restrictions.

The next stage is the official who oversees competition. Together with two or three assistants, he tries to keep up to date on the timeliest issues. The official who oversees competition presents the cases he prepares to the Competition Council, which attempts by negotiation to resolve the perceived abuse.

The system cannot be accused of overefficiency. In 12 years, the Competition Council has resolved 13-14 cases, or about one a year.

If the organization to promote competition is thought to be up to its tasks, one would be forced to assume that Finland is a land of ideal competition.

It is not that way, however. Competition Bureau chief Mauri Lehtisalo is worried about the multitude of dossiers in his office. Precedents for taking a stand on competition restraints are sorely needed.

Matti Purasjoki, head of the Trade and Industry Administration, has said: "In the legislation governing competition, the Trade and Industry Administration has been assigned the role of literate policeman. We have to disentangle the competition restraints which operate in the economy, analyze them, and report our findings to both the public and the official who oversees competition. Our field of responsibility is clear."

Is it therefore the fault of the Trade and Industry Administration that in the year 1985, for example, the bureau of the official who oversees competition presented the Competition Council with just two cases of competition restraints?

Or does the fault lay with the official who oversees competition?

The Competition Bureau, namely, deals only with those cases which are presented by the official who oversees competition.

Watchmen Change

The Competition Council has operated with new manpower since October. After Voitto Saario, retired chief justice of the Court of Appeals in Helsinki, the council will be led during the next 3-year term by administrative adviser Pekka Hallberg of the Supreme Administrative Court. The deputy chairman is government adviser Tauno Heikonen from the Ministry of Trade and Industry.

Jussi Linnamo, head of the Bank Inspection Office, has belonged to the council's permanent staff from the very outset. It is true that bank issues do not come under the law to promote competition, but Linnamo has become involved as an academician.

Having representatives on the council are the Consumer Advice League, the Central Federation of Finnish Trade Unions, the Consumers (a registered association), the Central Alliance of Industry, the League of Finnish Wholesalers, and the Central Federation of Retailers. Admitted as alternate members are the Swedish School of Economics and Business Administration, the Central Committee of Commerce, and the Central Federation of Agricultural Producers.

According to chief inspector Kristian Tammivuori, former secretary of the council, the Competition Council has dealt with all matters which have been brought up by the official who oversees competition. What can perhaps be criticized, according to Tammivuori, is that the Competition Bureau's register is not systematically perused.

The hundreds of old competition restraints on the register may be an overwhelming task. On the other hand, there has been some discussion that the new cases of

competition restraint should be perused once a month by the Trade and Industry Administration, for example, in order to find out whether there is reason to give them further consideration.

In Sweden, for instance, the new competition restraints are perused once every 2 weeks, according to Tammivuori.

Law Offers Additional Possibilities

Finnish law does not prohibit monopolies. The only clear-cut prohibitions in the legislation to promote competition concern output cartels and vertical cartels in which, for example, the wholesaler imposes a lower sales price on the retailer.

A controlling position on the market is considered a competition restraint if one can assume that it has a significant effect on competitive conditions.

A competition restraint is, for its part, harmful if it affects price formation "in an unsuitable way" or reduces efficiency in commercial and industrial life or prevents or hampers some other activity.

In general, the Competition Council will have to operate with these provisions. Since the change in the law went into effect at the beginning of March, a private firm must also report its competition restraints to the Trade and Industry Administration. The change has more than doubled the number of reported competition restraints.

The Competition Council can make use of penalties if there is no compliance with the duty to report. The penalty can also oblige the entrepreneur to appear before the council.

The entrepreneur can be prohibited--under threat of penalty--from entering into an agreement injurious to competition and can be bound to equitable terms in shipments of merchandise.

Overseers of Competition in Each Other's Hair

When fingers are pointed at the bureau of the official who oversees competition and it is accused of inefficiency, Olavi Vayrynen fires back point-blank at the Competition Council. According to him, the Competition Council is unable to make good decisions in the spirit of competition: "It is a very motley crowd over there." Maybe the representatives of trade and industry do not always want to remove the restraints on competition.

According to the official who oversees competition, the Competition Council's annual rate of two or three cases does not tell the whole truth. Vayrynen says he has taken care of roughly 300 cases through negotiations. A sanction with real teeth in it has been the threat to make public any harmful restraint on competition.

According to Vayrynen, business firms dread the idea that an issue may end up before the Competition Council where its treatment lasts a year on the average

and is accompanied by a long period of painful publicity. Vayrynen does not even give the Competition Council credit for its single accomplishment this year, the breakup of the Styrox cartel. According to him, the official who oversees competition had practically solved the matter when it went to the Competition Council, and the marketing company was soon dissolved.

Paradox of Trade and Industry Administration

The big paradox of the Trade and Industry Administration is that it is involved in the organization to promote competition at the same time as it itself greatly restricts competition by price regulation and surveillance.

Quotas and approval arrangements have developed around state-supported foodstuff production. For example, the quotas for production of subsidy-dependent starch are fixed among existing factories, and new entrepreneurs have had no access to the booty. The quotas for meat exports to the East are determined in the Ministry of Agriculture.

In communications, there is a system of tariffs and traffic licenses. The energy industry does well under the protective wings of the Trade and Industry Administration.

The stronger-than-ever monopoly in the meat domain is being discussed right now in the Foodstuff Administration. Will anything happen besides a statement that the Central Organization of Meat Producers still has a controlling position in the meat industry and the return of its dossier to the shelves to gather dust?

In conformity with the new law, the sugar domain's already several-year-old cartel agreement has finally come under the magnifying glass of the Foodstuff Administration.

Kemira Has Monopoly Sustained by Trade

"Kesko purchases fertilizers exclusively through Rikkihappo (Kemira) and pledges to do its best to get its customers, for their part, to act so as to achieve the goal of this agreement." An agreement with similar content is still in existence for four other central stores. Not even imports get a chance to threaten the fertilizer monopoly of the state company. According to the official who oversees competition, it is difficult to prohibit the agreement, because the latter is not forbidden by law.

The Trade and Industry Administration may still be wondering why the market shares of cement remain the same year after year between the two firms which control the market and why prices are the same.

Television stores in the Helsinki district grant discounts only within the bounds of a joint price schedule of the merchant group. As a threat, there is still the blank note, on which the written sum must be paid by the violator of the agreement.

* * *

Monopolies and Those in Controlling Positions

In keeping with the law for promoting competition, the entrepreneur must report--at the suggestion of the Trade and Industry Administration--his exclusive right or his controlling position in the manufacture of some product, if competition is lacking in the field or is greatly restricted. Because the market shares given by the Trade and Industry Administration are obsolete in part and because even the ownership and names of business firms have changed, the information has been corrected at certain points.

According to the interpretation of the Trade and Industry Administration, Finnish monopolies and firms in an otherwise controlling position are:

Aga. Controlling position in the sale of acetylene, oxygen, nitrogen, and certain other gases as well as gas distribution systems for hospitals. Market share over 50 percent.

Airam. Subsidiary of Nokia. Controlling position in the sale of incandescent lamps. Market share 40 percent. Position has weakened due to foreign competition.

Elopak. Controlling position in the sale of liquid dairy products in packages. Market share about 70 percent.

Espe. Controlling position in the sale of polyurethane foam plastic. Market share over 60 percent.

Exel. Controlling position in ski poles. Market share 99 percent.

Finn-Match. Controlling position in the sale of matches. Market share over 65 percent.

Finnair. Controlling position in domestic air service. Market share 99 percent. In charter flights serving Finns, a market share of over 70 percent.

Finnish Chemicals. Subsidiary of Nokia. Market share in chlorine roughly 60 percent and in chlorate over 70 percent.

Imatran Voima. Among other things, controlling position in transmission of electricity. Company possesses nearly 70 percent of country's network for transmitting electricity.

Kemira. Controlling position in the sale of fertilizers. Market share 100 percent.

Kiitoketju. Controlling position in the sale of zippers. Market share roughly 50 percent.

Kone. Controlling share of market for elevators in Finland. Market share over 60 percent.

Liesimyynti. Half-owned by Electrolux and Kymi-Stromberg. Controlling position in manufacture of electric ranges. Market share approximately 50 percent.

Lohja. Controlling position in production of travel trailers and insulating material made from clay. Market shares 90 and 45 percent.

Mobira. Subsidiary of Nokia. Controlling position in car-telephone market. Market share nearly 60 percent.

Nokia. Controlling position in production of rubber footwear and certain tires. Market share 52-73 percent.

Neoncomp. Controlling position in the sale of neon transformers. Market share 65-80 percent.

Neste. Controlling position in the sale of nearly all oil products, liquid gas, and bituminous products. Market shares 70-100 percent.

Oras. Nearly 100 percent share of market for water faucets.

Ovako. Controlling position in market for concrete steel bars. Market share approximately 80 percent.

Paperinkerays Oy. Takes care of more than 80 percent of collected papers.

Partek. Controlling position in the sale of cement. Market share about 65 percent.

Rank Xerox. Controlling position in photocopying machines. Market share over 50 percent.

Rautakirja. Controlling position in sale and distribution of single copies of newspapers and magazines. Market share over 95 percent.

Ostrobotnia Turkis. Controlling position as supplier of raw materials of organogenic fodders for fur-bearing animals. Market share fluctuates between 70 and 90 percent for different products.

Schauman. Controlling position in market for wood chips. Market share roughly half.

Sohlberg. Controlling position in sale of metallic packaging. Market share nearly 70 percent.

Suomen Sokeri. Controlling position in production of sugar. Market share over 80 percent.

Suunto. Controlling position in production of compasses. Market share 85 percent.

Temet. Controlling position in sale of special equipment for bomb shelters. Market share 60-70 percent.

Teraskoysi. Controlling position in market for steel cables. Market share 55-65 percent.

Tunturiyora. Controlling position in sale of mopeds. Market share roughly half.

Central Organization of Meat Producers. Controlling position in the area of meat. Market share over 85 percent.

Uponor. Held jointly by Asko and Nokia. Controlling position in drainpipes. Market share in all plastic drainpipes 60 percent.

Vaasanmylly. Subsidiary of Suomen Sokeri. Controlling position in crisp hard rye bread. Market share 75 percent.

Valio. Controlling position in most milk processing products. Market shares 86-95 percent.

Vapo. Controlling position in turf products. Market share over 80 percent.

Weilin + Goos. Subsidiary of Ameri. Exclusive right in almanacs and calendars.

Vikinglinja. Controlling position in Ahvenanmaa's passenger boat traffic. Market share about 60 percent.

Wartsila. Controlling position in production of sanitation porcelain (market share 86 percent) and locks for buildings (market share 90 percent).

According to the Trade and Industry Administration, the list is incomplete.

* * *

Compared With Other Industrial Countries, Finland Is a Developing Nation

In the struggle against monopolies, trusts, and cartels, Finland is a uniquely languid country compared with other nations. In comparison, for example, with the competition restraints of other member countries of the Organization for Economic Cooperation and Development, Finland is at the level of a developing nation.

Or even lower than that: experts say Finland could learn a lot from the UN competition-restraint code which was prepared as a model for developing nations.

Laws alone do not guarantee freedom of competition. If permission to deviate from the law is easy to get, then the letter of the law is a dead letter. There are countries in which the laws are much alike, but the application of them differs sharply, so that the preservation of freedom of competition varies.

Vigil Kept on Mergers in Sweden

Swedish legislation is very broad, pretty much the same as it is here, because a strict law simply is not needed in that country. It is not needed because the

ombudsman, the Swedish official who oversees competition, is held in esteem. Even in other respects it is harder to restrict competition in Sweden's social climate than it is here.

On one point, the juridical rules of the game are substantially tougher than in Finland. A business undertaking is forbidden if it produces "harmful effects," in other words, if it results in a monopoly, for example.

A systematic watch is kept on business deals. Many deliveries of Finnish firms have also passed through inspection by the Swedes.

Competition policy in England is directed by the official who oversees competition and by his bureau. They observe the birth of monopolies and report the situation to the government. The official who oversees competition also records other restraints on competition.

Intercompany restraints on competition are studied by a special tribunal. Here the burden of proof is reversed: the companies which restrict competition must show that more benefit than harm to society will ensue from their agreement. Only seldom do companies in a cartel manage to prove such a difficult matter.

The law in West Germany rests primarily on the principle of prohibition: cartels are permitted only as exceptions provided by statutes.

Dividing up markets and horizontal price agreements are prohibited. Price-fixing is not permitted.

The Rome Agreement, the covenant of the European Community, prohibits cartels and monopolies in principle. In practice, however, due to the covenant's exceptions and lower-level provisions, control becomes much more lenient.

United States Is Pioneer in Field

U.S. antitrust laws and their enforcement are unique in scope and severity. In no other country are there equally rigorous laws against monopolies and restraints on competition.

The Rockefellers' oil empire was broken up more than 70 years ago because it was a monopoly. But the antimonopoly front still lives: AT & T, the telecommunications monopoly, was just recently smashed into a thousand pieces.

The most important law is the Sherman Act (1890), which contains two primary prohibitions: (1) Any agreement or conspiracy to restrict business activity and trade in the form of a trust or otherwise is illegal.

(2) Anyone who monopolizes, or attempts to monopolize, business activity alone or with others is guilty of a crime.

In the United States, too, the main regulations are softened by statutes which grant exceptions. The general idea in them is that the procedure in question is illegal if it "substantially reduces competition or promotes monopolization."

Violation of the Sherman Act is punishable by fine or imprisonment. The U.S. Justice Department enforces the law.

Exceptions to the rigorous main regulation are, among others, the public utilities--electricity, for instance--and agricultural products.

* * *

Primer for Restricting Competition

"Competition restraint" means anything which hinders competition or reduces its effectiveness.

"Monopoly" means a situation in which there is a single seller.

"Oligopoly" means there are only a few sellers.

"Controlling position" is a term in Finnish law. It also means--in addition to an actual monopoly--a case in which one business firm is responsible for a substantial portion of the activity in some field. In Finland, consequently, an oligopolistic company can also be in a controlling position.

"Cartel" means an agreement by which business firms in the same field restrict competition. A cartel can also be an alliance in which product prices or sales quotas are fixed, market blocks are parceled out, etc. Cartels can be vertical or horizontal.

"Vertical restrictions" mean cooperation among various levels of distribution--for example, producers, wholesalers, retailers--or pressure from one level against another level. The restriction may be price-fixing: the supplier may prohibit the retailer from reducing the standard price--a restriction which is forbidden by Finnish law.

"Horizontal restrictions" mean cooperation or pressure among competitors which operate at the same level of distribution, for example, an output cartel (forbidden in Finland), a price cartel, a sharing of customers, a dividing up of territory.

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ECONOMIC

GREECE

PROBABLE FAILURE OF ECONOMIC MEASURES FORESEEN

Athens MESIMVRINI in Greek 31 Oct 85 p 13

/Article by K. Kilmer: 'Why the Economic Measures Will Fail' /

/Excerpts / Papandreou's Socialist government, having unjustifiably wasted more than 4 months--rather 4 years, to be exact--in order to take the necessary steps to keep the economy away from the precipice of foreign exchange shortage, is now putting the blame on the Greek people. Both the premier and /National Economy Minister / K. Simitis justified the economic measures as the only ones feasible and available--and therefore unavoidable. The premier spoke yesterday as though he had just assumed office!

The first question with regard to these measures is this: Why did the Greek economy reach this schizophrenic stage and who is responsible for the worsening of its sickness? Second, is there--not a milder therapy like the one suggested by some harebrained members of the opposition--but a more effective and in any event not counter-developmental therapy--to save the patient?

The Errors of PASOK

In 1981 the people had subconsciously grasped the dead end of the old party habits, the dead end these habits had in fact caused. The people sought "change". Thus, PASOK came to power 4 years ago, together with those "hungry" for power. Instead of telling the people the day after October 18, 1981:

"Gentlemen, we were mistaken. The Right left the treasury empty. Let us first get to work and then we can start 'the socialist way.'" But they became intoxicated with power. (They introduced the Automatic Inflation Adjustment (ATA), the anti-labor law of Kaklamanis, the frameless law for the universities, the National Health System (ESY), the Old Age Centers (KAPI), social tourism, the political festivals, etc., etc.)

They financed all these with foreign loans which they more than doubled from 7 billion in 1981 to 16 billion dollars this year, in the same way the old party did between 1974 and 1981 (from 3.5 billion to 7 billion dollars borrowed under the Right). They nationalized another 10 percent of the GNP with the result that today 75 percent of the GNP is controlled by the state...

And thus we come to the present dead end with a public deficit equal to over 18 percent of the GNP, domestic inflation of over 30 percent, and a deficit in the balance of payments of over 3 billion dollars annually.

The Errors of the New Democracy

The New Democracy, which was established after the self-dissolution of the junta, returns to the National Radical Union /ERE/ period when it wants to abandon its pre-1974 past and says:

"The per capita income from 305 dollars in 1955, reached 4,298 dollars by 1980." In this way, it puts in the same basket the 8 years under ERE with the 7 years under the junta and leaves out the year 1981, the year of "scorched earth" when the per capita income fell to 4,000 dollars. As though ND was not in office during 1981!

It has amnesia and talks about the "reduction of inflation" when after 1979 inflation galloped from 19 to 25 percent in 1981, in spite of the cover up tried by extensive freezing of prices, rent control, and the huge deficits of the public sector (17 percent of the 1981 GNP).

It is proud because "it did not submit the Greek people to the sacrifices required by the second oil crisis," while it should be ashamed because it surrendered to the demonstrators instead of leading the people, and instead of informing the people it left them prey to the demagogue A. Papandreou.

It now asks that the "conquests of the Greek people" be kept, the ATA, the 6-hour day, the 5-day week, the 14 monthly wages, the loafing, the abuses, the excesses, etc., while it is obvious this is exactly what we mean when we say that Greece lives beyond its means; that is, no one works in Greece anymore, while in Japan (the managers) work 15 hours a day and 6 days a week, and in our neighboring Cyprus the banks are open on Saturday mornings.

What should ND do? First of all, it should keep silent and examine its own mistakes, and forget the duty-free private cars it was promising before the election. And to tell itself: "Thank God we did not win the election last June, because otherwise we would have been the one to get the chestnuts out of the fire--and without heat-resistant gloves." Instead of hitting PASOK from the Left, asking for strikes, work stoppages and protests, it should prepare the public for a truly effective program to free the economy with a drastic reduction of state intervention--and waste--and with support of the private effort.

Before we go on with a review of the measures ND in 1980 or PASOK in 1981--and even more so in 1985--should have taken, we shall explain briefly why the Khalikias measures will not succeed--will not bring recovery, not even hold down the deficit of the balance of payments.

Why They Will Fail

Today no one in our country believes our economy is doing well. On the contrary, all now agree--and this is to the credit of Papandreou who explained this to the politicians--that not only is something wrong with the economy but it is going to pot. The question now is not a diagnosis of the sickness--to this the PASOK orators have made a contribution--but to find the therapy.

Evidently the therapy proposed by Khalikias is not the proper one. It reminds one of the doctor who said "the operation was a success but the patient died." It is not proper for the following reasons:

With the Khalikias measures--if they are eventually implemented, and if they are not worn down by the labor bosses--the most one can expect is a reduction in the deficit of current accounts from 3 billion to 1.4 billion dollars in 1986. But such a lower deficit, even if it is achieved by 1986, will not solve the problem, because in addition to that Greece must pay 1 billion dollars for the servicing of loans (the interest of 1.2 billion dollars is wrongly included in the present deficit)...Thus, the size of the deficit remains "unavoidable".

With a 2.4 billion dollar deficit in foreign transactions and an autonomous inflow of capital, which will not exceed 800 million dollars (862 million dollars in 1984), the uncovered deficit will reach 1.6 billion dollars in the best of circumstances. We believe the country will be unable to borrow 1.6 billion dollars next year--because it borrowed 2.8 billion dollars this year instead of the 2.1 billion forecast originally.

Moreover, because the Khalikias measures will drastically cut down income, they will reduce savings. Thus, the huge deficit of the public sector (700 billion drachmas in 1986, 14 percent of the GNP according to A. Papandreou), will be financed with inflationary money. And inflation--over 30 percent--will lead to the vicious circle of successive drachma devaluations. This will seriously shake confidence in the national currency as in Israel. Very soon a new drachma will be needed!

Therefore, the Khalikias measures will simply prolong the death spasms of the Greek economy because they do not favor the increase of foreign exchange inflow and the taming of inflation. Their only objective is to cut down payments on imports. And they do so foolishly and with demagoguery.

For example, they burden the enterprises with a special tax payment of 10 percent which raises their taxes to the 63-69 percent bracket causing, together with the prepayment on imports, a serious problem of liquidity. And all this for what? So the Finance Ministry will take in some 10 billion drachmas since the total profit realized by the Greek industries reached only 27 billion drachmas in 1984. But in this way the enterprises cannot embark on a drive to raise production which can only bring about lower costs, exports, and import substitution.

The Only Solution

In May 1980, together with two other economists, N. Tsoris and K. Khristidis, we supported that the only solution for the economic problem at that time--and even more so today--is to implement supply economics as an alternative to the flawed economic policy of the last 20 years. Today we have one more problem--the "problematic" enterprises and the huge foreign debt.

However, supply economics with reforms freeing the market place can promote development and provide the only hope that the Greek economy will escape from the trap of debt moratorium and stagnation. But it will be necessary to sacrifice "secured rights" and to dismantle the state-merchant, etc. The major risk, of course, is that a true change will not take place this time, and this is the last chance.

We must confess that we are not optimistic. Not because Papandreou does not want change but because he is unable to do it. He, too, is a product of a sinful past.

Ed. Note: The views expressed in this column are those of the author and do not bind MESIMVRINI nor do they inevitably interpret its political line.

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ECONOMIC

ITALY

CER ISSUES REPORT ON ECONOMIC SITUATION

Rome L'ESPRESSO in Italian 17 Nov 85 pp 260-265

[Article by Salvatore Gatti: "Report on the Crisis: 'Forward Slowly: Almost Backward'"--boxed material as indicated; first paragraph is L'ESPRESSO introduction]

[Text] The Italian economy is not succeeding in its efforts to surmount its difficulties. Inflation is lessening somewhat but remains high; unemployment is not declining; governmental action is of modest proportions. According to the CER--Giorgio Ruffolo's Center for Economic Research--the biggest part remains to be done.

Where is the Italian economy headed? How is 1985 ending, and what does 1986 hold in store for us? What has the government done to deal with the situation? The response of the CER--the Center for Economic Research of Giorgio Ruffolo, Luigi Spaventa and Antonio Pedone--is disheartening: in the present moment, it says, the economy is "free from serious vices but is also devoid of special virtues." The budget for 1986--which according to the promises of the government was to yield impressive results--will not, however, prove to be of great consequence. We are therefore bogged down halfway across the stream, unable to move either forward or backward. In so doing, however--as the Bank of Italy also argues--we are actually wasting precious time.

The Economy Is Slowing Down

Growth in the industrialized countries is below expectations and will come to only 2.8 percent in 1985 (compared to 4.9 percent last year); the same growth rate is forecast for 1986 but is uncertain and exposed to the risks of a new crisis. Italy's hopes, too, are weakening at the same pace: the growth of our country's export markets will be 4.5 percent in 1986, whereas last year it was all of 7 percent.

And as the world economy slows down, the growth of the Italian economy is of course weakening steadily: the gross domestic product has in fact grown by only 2.3 percent in 1985 and will grow by only 2.2 percent in 1986. Industrial production is maintaining the same pace.

In a situation as stagnant as this, it is becoming increasingly difficult to solve Italy's chronic problems. As the Bank of Italy contends, 1985 has been

a wasted year and it is now more difficult to change course. But how far--according to the CER Forecast--have the ills of our economy progressed, and what will happen in 1986?

Inflation Remains High

The year 1985 will close with a 9.1 percent increase in consumer prices, whereas the government was aiming at a more modest 7 percent; similarly, the CER says that in 1986 inflation will be 6.7 percent, whereas the government would have preferred a more reassuring 5 percent. Inflation will accordingly be reduced significantly in 1986, but the failure of the 1985 campaign against price increases will cause the official targets to be missed for the second year in a row.

The expectation that the consumer price increase will be approximately two and one-half percentage points less in 1986 (dropping to 6.7 percent from 9.1 percent) is therefore not at all assured, as the CER Forecast prudently explains. Such a substantial reduction in the rate of inflation is in fact dependent on the validity of two other forecasts. The first of these--which will probably be borne out--is that the decline in the value of the dollar will not be arrested, and that the prices of imports will therefore increase by only 3 percent in the coming year; the second forecast is that the negotiations between CONFINDUSTRIA and the unions will ultimately yield a positive result, although this is less certain. Moreover--in a small twist of fate--the budget will in its turn increase prices by approximately half a percentage point. On the whole, therefore, the CER does not bring us reassuring news from the inflation front.

One Cannot Find Work

Unemployment, regrettably, continues to increase. In 1984 the unemployed represented 9.5 percent of the labor force; for 1985 the figure is proving to be around 10 percent; and in 1986 it will reach 10.3 percent. The CER foresees that only in the following year--1987--can the rate begin to decline and revert to around 10 percent.

But if the population of 2.3 million unemployed is remaining virtually static and pent up within itself, what on the other hand is happening in the world of the employed? We gather from the report by Ruffolo, Spaventa and Pedone and their team of economists that there have been some surprising developments. First, the displacement of workers from Italian industry is rapidly coming to an end--a process that had brought about hundreds of thousands of dismissals in recent years during the Great Italian Industrial Restructuration with which our enterprises responded to the second oil shock, the one in 1979. In fact, whereas industrial employment had declined by 3.7 percent in 1984 the decline this year was only half that figure; next year it will be 1.3 percent and in 1987 could actually cease. Second, the displacement of workers from agriculture is trending from a decline of 3.7 percent in 1984--the same as that for industry--to a loss of fewer than half that many jobs in 1986. A third (and less pleasing) development is the fact that the private tertiary sector--which during these past several years had created many new jobs--is

still supplying them but at a reduced rate; indeed, the rate of increase is declining from 4.9 percent in 1984 to a more modest 2.2 percent in 1986.

The CER comforts us, however, with the statement that since the civil service will continue to hire at a rate of 1 percent (in the face of all the bans against hiring), total employment in Italy has continued to increase by 0.4 percent in 1985 and will continue to do so in 1986.

Industry Between Lights and Shadows

In an overall picture that is uninspiring, it is the Italian industrial world that has taken--and will continue to take--the greatest steps forward. Motivated by the need to restructure themselves and to introduce substantial technological innovations into their own companies, the Italian entrepreneurs have in the past several years invested heavily in plants and machinery. Gross investment, in fact, came to slightly more than 4 percent in 1984 and 1985 and will be at least 2.9 percent in 1986. It represents a great effort, and in all 3 of these years it actually exceeds the increase in the gross domestic product--in other words, it exceeds the overall increase in the economy.

Strong assistance for the renovation of the enterprises was also provided by the new trade-union climate. The fact that this climate made possible a considerable displacement of manual labor and the introduction of new machinery has resulted in an increase in industrial productivity, but this process is tending rapidly to abate precisely because the enterprises are no longer reducing the number of their employees very greatly. Last year's good increase in productivity--6.8 percent--will be halved in 1986. The labor cost per unit produced (CLUP), however, is increasing more slowly than inflation. All things considered, Italian industry as a whole is therefore a "happy island."

The Perennial Restraint

For many years, whenever the Italian economy has begun once again to weaken, imports eventually increase more than exports and the balance of payments accordingly moves rapidly into the red--from the 5.8 trillion lire of last year to the 10.3 trillion forecast by the CER for the close of this year, and to the 9.9 trillion forecast for 1986. At this point, in order to prevent the international deficit from becoming explosive, the Bank of Italy and the government regularly have to halt its growth, with very negative consequences for industry and for employment. This is the "external restraint on the possibilities for growth"--the most disturbing aspect of the CER Forecast (see also the interview with Luigi Spaventa on Page 263).

The Government Has Abdicated Its Responsibility

But what has the Craxi administration done in the area of its direct action, revenues, expenditures, and the governmental deficit? In 1985, too, it has burst through the deficit ceiling established at 96.3 trillion lire; the final figure, according to the CER, will in practice be 103.3 trillion, and the breakthrough is due almost entirely to the "boom" in the outlay for pensions.

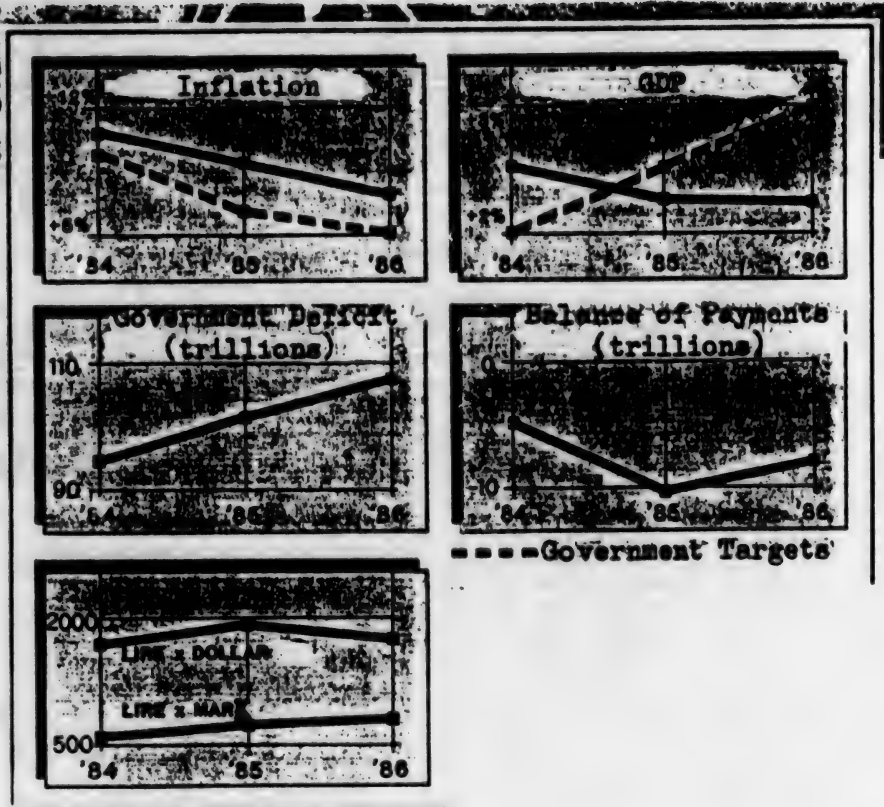


Figure 1. Inflation Through the Roof

According to the CER, inflation and the growth of the gross domestic product in 1986 will be less responsive than programmed by the government (5.0 and 2.5-3.0 percent, respectively). The situation with respect to the government deficit and balance of payments will remain serious. The weakening of the dollar and the appreciation of the mark are expected to continue in the future.

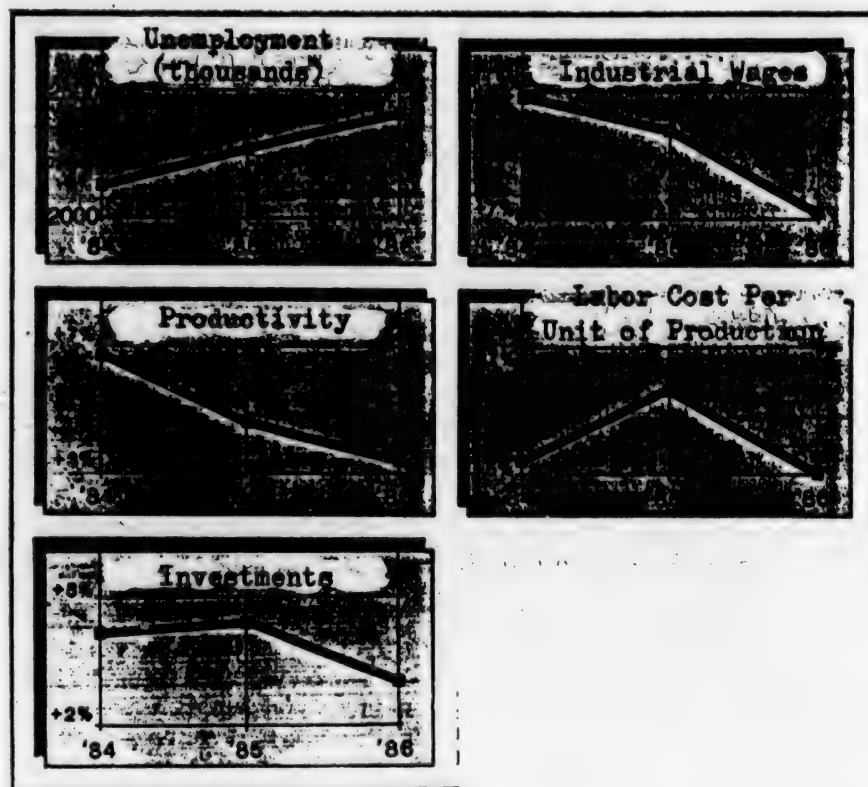


Figure 2. Industry Under the X-Rays

The growth of unemployment is destined to continue next year as well, together with restrained increases both in industrial wages and in productivity. Labor cost will also increase moderately. The forecast of a cooling-off of investment in the enterprises is a matter for concern.

And what about the 1986 budget currently being debated, which the government has presented as an important economic policy action? In reality it is a budget that is insufficiently incisive and whose consequences, according to the CER, "do not appear to be of great importance"--a budget that allows for minor improvements which are, however, concentrated in the year 1986 and are therefore of an occasional character. Moreover, it is an unjust budget that impacts employed labor more than independent labor. Finally, it is a budget that increases inflation and retards investment. In short, it in no sense inspires enthusiasm.

It is therefore clear--the CER says--where the economy is going and what awaits us: a country that is precisely without vices and without virtues. This impels Ruffolo, Spaventa, and the other CER economists to a bitter conclusion. "We have," they say, "long been accustomed to hearing that each new year will be the crucial year for 'restoring the health of the economy.' We long ago established that the clamor of the proclamations bears no relationship to the results. It would certainly be foolish to deny that in the past 5 years much has changed--and for the better--in our situation. It would, however, be irresponsible not to acknowledge that the greater part of the task remains to be done."

[Box, p 263]

Interview With Luigi Spaventa: How To Deal With the Problems [first paragraph is L'ESPRESSO introduction]

[Text] The CER Report paints a very disturbing picture of the Italian economy. How can the principal difficulties be dealt with? We asked Luigi Spaventa, who together with Giorgio Ruffolo and Antonio Pedone are the three economists who direct the CER.

[Question] Professor Spaventa, how will it be possible to deal more effectively with the problem of government expenditures?

[Answer] By acting on the mechanisms that inflate expenses--something that the budget under discussion does not do, because it limits itself to dealing with the problem in the simplest possible manner, namely by increasing charges without containing costs. For example, the number of pensions awarded should be reduced, perhaps by eliminating the excess that is accumulated by combining reversionary pensions with the earnings of the surviving spouse.

[Question] The other continuing difficulty--besides the government deficit--of the economy is the balance of payments deficit, which obliges the monetary authorities periodically to apply the brakes to the recovery in order to prevent the balance from going too much into the red....

[Answer] The disturbing aspect of this situation is the persistence of the balance of payments deficit in the midst of conditions that are favorable either because the gross domestic product is not growing too fast or because import prices are not increasing much. We should deal with this problem not only by concentrating strongly on the export of manufactured goods that yield

us a surplus but by finally implementing specific economic policies to remove the two large stones that are crushing us: the energy deficit and the food deficit. The serious risk lies in the fact that--afflicted by the foreign constraints--one must depress demand and therefore reduce the capacity for economic development: a circumstance that produces a larger deficit and increasingly stringent foreign constraints.

[Question] A third Italian drama is unemployment, which continues to be very high. Are there no concrete possibilities for direct intervention on this front?

[Answer] It is possible, for example, to introduce a little "deregulation," or a little part-time employment. What concerns me most, however, is the fact that in the coming years the population of the North and the Center of Italy will decrease (by 1.7 percent between 1981 and 1991 and by 3.4 percent between 1991 and 2001) while that of the South will increase (by 4.4 percent in the first period and by 1.1 percent in the second). This will lead to very serious employment problems and possibly to new internal migrations.

[Question] But in this gloomy picture is there not, however, a positive note: the sustained development of industry?

[Answer] Italian industry has undeniably made enormous strides forward in recent years and has attained European levels.

[Box, p 265]

The World Is Slowing Down More and More

Moving forward slowly, almost standing still: the scenario for the world economy in 1986 can be summed up thus, according to the forecasts of the Institute for Social Research [IRS] of Milan, published in the most recent IRS report for the LETTERA FINANZIARIA. The IRS explains that the United States appears to be closer to a recession than to a "recovery of recoveries." The truth is that the American economy can no longer rely on fiscal stimulation--the federal deficit has attained levels that necessitate a contraction--and it does not appear that the greater permissiveness of the monetary policy pursued in Washington can suffice to regenerate a sluggish demand.

Of the other industrialized countries, only Japan--with a growth rate of more than 4 percent in 1986--will play to some extent the role of the locomotive. But Japan, as we know, is not a very hospitable market for our exports.

In Europe it would be Germany's role to take the growth of others in tow, but in Bonn--despite an inflation rate that is now below 2 percent--a financial orthodoxy prevails that will prevent the German economy from accelerating its expansion appreciably. All things considered, therefore, for the industrialized nations as a whole (the OECD) the growth rate will slow down from this year's 3 percent to 2.6 percent next year--with depressive effects on world trade, whose growth rate will decline from the 9 percent of 1984 to 4.5 percent in 1986. At this rate we shall end up lamenting the American "boom" of the past 2 years.

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ECONOMIC

ITALY

BRIEFS

1985 FREEZE, DROUGHT WREAK DISASTER--Rome--1985 will be remembered by Italian farmers as the year of the freeze and the drought, and the statistical data that are gradually becoming available with regard to various aspects of the 1985 agricultural year attest to the difficulties faced by the agricultural sector. The second preliminary survey prepared by the Center for Research of CONFAGRICOLTURA [General Confederation of Italian Agriculture] shows a drop in gross marketable production, a downturn in employment in the sector and an increase in the importation of agricultural products. Here, specifically, is how the agricultural year ending last 11 November fared: 1) Gross marketable production: An initial preliminary survey prepared in September indicated a decline of half a point. This forecast has proved to be too optimistic, and CONFAGRICOLTURA foresees that the downturn will be more substantial although not yet quantifiable with precision. 2) Prices at the source: The average for the period January-October rose by approximately 9 percent, with the result that agricultural prices at the source are aligned with the rate of inflation whereas in 1984 they were 4 points below. 3) Employment: The number of agricultural workers (employees and independents) has decreased by 5.8 percent, and the trend toward abandonment of agricultural employment by adult and aged workers is more pronounced than the ingress of young workers. With slightly fewer than 2.3 million employed persons, agriculture accounts for 11 percent of the national total of employed persons and 4 percent of the entire population. 4) Imports: Each resident will have imported, by year's end, food products valued at approximately 400,000 lire by comparison with 300,000 lire in 1984. Food imports will accordingly represent 3.4 percent of per capita income--and a reversal of the trend toward a decline in such imports that had been recorded since the second half of the 1970's. [Text] [Rome LA REPUBBLICA in Italian 19 Nov 85 p 36] 10992

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ECONOMIC

NETHERLANDS

LONG-TERM ECONOMIC GROWTH, UNEMPLOYMENT SCENARIOS

Rotterdam NRC HANDELSBLAD in Dutch 8 Nov 85 p 12

[Article by Kees Calje: "Planning Bureau Explores the Economic Future of The Netherlands Until the Year 2010: Vigorous Employment Growth Very Well Possible"]

[Text] Thirty years ago, the Central Planning Bureau for the first time explored the long-term economic future of The Netherlands. In 1955, the economy was, as economists call it, "in equilibrium," and growing fast. The Planning Bureau investigated how the government could pursue such a policy as to enable the long-term per capita income to be as high as possible.

Today, the second long-term exploration was published, and in that one, the Planning Bureau is proceeding quite differently. This time, the calculators in The Hague are not looking for an "optimal" policy, but they are limiting themselves to a search for the possibilities for the Dutch economy under, in general terms, unchanged policies; and this for the period 1985 to 2010. Also, it is investigated what bottlenecks can occur. In addition, a report on the consequences of further reducing working hours will follow later this year. A study about the consequences of changes in policy and behavior is planned for next year.

Three Scenarios

How does the Planning Bureau go about it this time? Based on a series of assumptions, it is first reasoned out how large the growth can be of the market that is relevant for Dutch exports. The result of this are three scenarios. In the "high" scenario, the market of the Dutch grows by six percent, in the "low" scenario by two percent per annum.

What are concerned here are average growth percentages for the period 1985 to 2010. Large growth fluctuations are assumed from year to year.

In "high," the growth will decrease from 5.5 to four percent between 1985 and 1987, after which an increase will follow up to nine percent around the year 1995. After that, growth will drop back again, to four percent right after the turn of the century. In the year 2010, the rate will be at seven percent again.

In "medium," the growth of the Dutch market will decrease from 5.5 percent in 1985, to 2.5 percent in 1987/1988. After that, an increase will follow to five percent in the second half of the 1990s. Growth will decline again, to three percent in the year 2005, after which another upswing will follow.

In "low," growth of the Dutch economy will collapse to zero percent in 1988/1999 [as printed]. Subsequently, the growth rate will increase very gradually: the four percent level will not be reached until the year 2010.

Fascinating Future

The cold figures of these three scenarios aim at being the reflection of a chapter of fascinating economic future.

"High," the "free market world trade scenario," to quote Director of the Planning Bureau P.B. DeRidder, is based on the assumption that the United States in the coming years will push back its government deficit. Economic growth will lunge because of this, but not too much, because the Americans will pursue a liberal monetary policy and moreover, growth in Europe will pull ahead. That is because government policy on this continent will become less restrictive and all kinds of rigidities which obstruct the market mechanism will be removed. If the disequilibria in the world economy disappear, an exuberant growth in production will become possible. As time goes by, this will lead to inflation: prices of oil, raw materials and labor will skyrocket. Then, after 1995, a world-wide recession will ensue, which however will be followed by a new recovery around the year 2005.

According to DeRidder, "low" is an "everyone for himself" scenario in a divided world. The Americans will not succeed in reducing their deficits, and in Europe growth will stagnate because of the inflexible government policy and the rigid markets. There will be no international policy coordination. Later on, the United States will indeed cut its coat according to its cloth, and growth will stagnate there, as well. The debt crisis will become more and more acute. Even so, deflation will be prevented. Eventually, people will learn from their mistakes, and things will start getting somewhat lively again, but that will not happen until after the year 2000.

What is concerned in "medium" is, according to DeRidder, "moderate Europessimism". The United States will put its affairs in order, but Europe will keep muddling along. The economies of North America and of East and South Asia will in the course of the 1990s cause a revival in world trade, from which Europe and the debtor countries will benefit, as well. After the turn of the century a new inflation wave coming from the United States will get going. A recession will follow, with again a recovery after the year 2005.

The Netherlands

For the Netherlands, in general terms an unchanged policy is assumed, with one single exception: if the government deficit decreases below six percent of national income, taxes on wages and on revenues will go down. The length of the working day will decrease according to a trend of one half of one percent per annum. Social security premiums will cover benefits; the announced systematic reform of social security has not been incorporated. The premiums for pension funds and life insurances will remain unchanged. The labor supply will grow in the second half of the 1980s by 75,000 man years per annum; around the year 2000, the work force will only grow by 20,000 per annum. The consequences of the senior citizen boom will not really become important until after the year 2010.

Labor Productivity

All this information is put in a long-term model. The most striking result is that in all three scenarios, labor productivity will grow less than was the case in the Fifties and Sixties, just like it did in the 70s. That reduced growth has on the one hand to do with the fact that the post-war recovery operation, when the United States was way ahead technologically, has now for the most part been completed. On the other hand, the Netherlands has high unemployment, compared to other countries; because of this, it appears from the model, wages will be restrained. Added to the higher cost of energy, this results in a smaller substitution of labor by capital than occurred in the past. In "low," labor productivity will increase the least, because there, growth in world trade is lowest, and the effect of international labor distribution is the smallest.

Exports will be stimulated by the relatively small increase in wage costs. Because exports mainly consist of industrial products, the process of de-industrialization will come to an end in all three scenarios. The share of industrial production in the total value of production, which decreased between 1960 and 1985 from almost 35 percent to below 20 percent, will stabilize at this level, or will even end up somewhat higher.

Employment

Thanks to the relatively low growth in labor productivity, creation of employment will take place to a proportion that is very extensive for Dutch conditions, especially in "high." In this scenario, in which economic growth for the rest of this century will amount to an average of four percent, employment by businesses will increase from 3.8 million man years in 1985 to over 5.2 million in the year 2000. But also in "medium" (average growth: three percent), employment will skyrocket and a level of 4.7 million will be reached in the year 2000. Only in "low" (growth: 1.5 percent) is there a case of stagnation.

Because the work force will grow fast as well, certainly during the first five years, unemployment in "low" will grow from 16 percent of the work force at this time to 25 percent right after the turn of the century. In "medium," a gradual decrease to 12 percent in the year 2000 and to seven percent in the year 2010 can be observed. In "high," finally, a rather spectacular decrease of unemployment will occur, to four percent in the year 2000 and to a trifling one percent in the year 2010. That is why in this scenario new stress will occur on the labor market which will cause a new wave of wage increases. After the year 2000, then, economic growth will become moderate in "high."

The economists of the Planning Bureau expressly point out that the high rate of unemployment that appears from "low" may possibly lead to reduced supply of labor, and to large-scale acceptance of part-time labor. The actual unemployment rate will then end up somewhat lower. On the other hand, labor productivity may perhaps turn out to be higher than assumed, now that extensive technological innovations in a number of economic sectors are at hand. If labor productivity will grow by only a quarter of a percent per annum more, after 25 years an unemployment rate will result which, expressed as a percentage of the work force, will end up to be six percent higher.

Tax pressure

Thanks to the high rate of economic growth, in "high," the pressure of taxation and social security premiums will drop from 51 to 44 percent between 1985 and the year 2000. If the government budget deficit drops below six percent, the wage and revenue taxes will be lowered during the 1990s. The decrease in social security premiums will remain limited, because various benefits rise along with prosperity.

In "low," however, where unemployment is high and where wages have a larger share in national income, the pressure of rates and taxes will increase to the unprecedented level of over 60 percent of national income in the year 2000. In "medium", the pressure will remain just about constant.

Since economic growth even in the pessimistic scenario still will amount to 1.5 percent (and to 2.5 percent after the year 2000), per capita consumption will even in "low" still be 50 percent higher in the year 2010 than it is now. In "high," the consumption per Dutchman in that year will even be three times as large as it is now. These results raise doubts for the economists of the Planning Bureau, as well. The report ends with questions. Will saturation effects occur as far as consumption is concerned? Will a new view on labor come about?

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ENERGY

FINLAND

OIL ACQUISITIONS FROM USSR, THREE OTHER SOURCES

Helsinki HELSINGIN SANOMAT in Finnish 19 Nov 85 p 31

[Article: "Next Year We Will Get Already Agreed On Quantity of Soviet Oil"]

[Text] Ahti Pekkala is not worried about the economic situation. At least no more than befits his work image. "The economic situation has not essentially changed from what we earlier said it was."

Pekkala said that we will be getting the quantity of Soviet oil agreed on in the general agreement next year.

"I have on several occasions been assured by high Soviet officials that we will be getting the quantities of crude oil and refined oil products agreed on in the general agreement from the Soviet Union in 1986," Pekkala, who is also vice chairman of the Finnish-Soviet Economic Commission, said.

In the general agreement it is agreed that we will receive about 8.5 million tons of oil products a year.

This year the Soviet Union will be unable to deliver the quantity of oil agreed on in the general agreement to Finland. It is feared that this year is also an omen of the future.

A difficult economic phase will be coming up in 1987 when it is estimated that growth in exports to both the East Bloc and the West will come to a standstill.

According to Pekkala, our biggest worry in connection with next year's Soviet trade is not that we may not get any oil, but that the price of oil and the exchange rate of the dollar may simultaneously drop. At least that is what it looks like now.

"All efforts should now be directed toward increasing imports," Pekkala repeated. He admitted that supply and demand do not cooccur in the Soviet trade, but that that should not be allowed to discourage us.

"In trade difficulties it is not a question of changes of Soviet leaders, but of the fact that most imports are energy imports, and most of them in turn are oil imports," Pekkala said.

Problems Will Get Worse in 1987

In 1987 problems will pile up because orders for the next 5-year period in the trade will have already been used up this year and will continue to be exhausted next year, even though the 5-year period does not officially begin until the end of the year.

Some say that Finland should devalue now. Finland is inflated with speculative foreign currency which there is no reason to repay and that the forest industry must now be subsidized, they say.

"No, not like that," Pekkala said. "The devaluation-inflation spiral is a life that is behind us in our economic policy."

Pekkala protested in the name of combatting inflation. The Finance Ministry's goal for next year is to limit inflation to 3 percent.

If inflationary pressures and economic recovery come into conflict, Pekkala will have no trouble choosing his own course of action. At that time the alternatives could be raising interest rates, for example, or stimulating the economy.

"The question cannot be posed in that way," Pekkala said, but went on: "Lowering the inflation rate is a prerequisite for improvement of the employment situation. If inflation gets out of hand, we will no longer achieve anything with the recovery policy."

Pekkala was unwilling to comment on what harm the high rate of interest maintained by the Bank of Finland has caused. "The Bank of Finland handles its own affairs and the Finance Ministry its own."

Ahti Pekkala became minister of finance in 1979. Before that the country had already gotten out of its worst recession since World War II.

Now facing the first real recession of his ministerial term, Pekkala has conjured up the spirit of Korpilampi with which Kalevi Sorsa and Paul Paavela in their time inspired the country.

"We need all our good forces now," Pekkala said.

Neste Will Make Up for Deficiency of Soviet Oil from Three Sources

Neste [state oil company] will purchase crude oil from Saudi Arabia, Iran and the North Sea to compensate for shipments of Soviet oil smaller than agreed on for this year. At least in connection with the Saudi oil transactions, Neste will now in addition for the first time apply the new so-called netback pricing system based on the prices of the finished products obtained from crude oil.

These past few weeks Soviet oil shipments have noticeably increased. In October, for example, nearly a million tons were delivered. The improved

rate is not, however, sufficient to make up for the hemming and hawing of the first half of the year and at Neste they estimate that the total for the entire year will be about 10 percent, or 8 million tons, less than the agreed on amount. In terms of money, or Finland's balance of trade with the East Bloc, the difference means a billion markkas.

Of the three sources that will make up for the deficiency in the amount of crude oil, the biggest is Saudi Arabia, from which we will buy over 600,000 tons. According to Neste general manager Jaakko Ihamuotila, the transactions have been concluded with short-term agreements and the oil purchased on their bases will not even necessarily be delivered to Finland. Part of it may either be sold to a third country as crude oil or even refined elsewhere.

Pricing Method New to Neste

The Saudis have recently concluded netback pricing agreements with many buyers. The West German VEB company and the Greek Hellas also bought crude oil through this pricing system at the same time as Neste did.

Netback means that the price of crude oil is determined by the price obtained on the so-called spot market for its refined product, from which, however, shipping and refining costs are deducted. In addition to the Saudis, most recently, on Monday, Nigeria switched to this pricing system.

According to Ihamuotila, netback pricing is very close to the spot pricing system that has up to now been quite common in the crude oil trade. At this point it is still impossible to say what the ultimate price of Saudi oil will be. "It depends entirely on what is done with the oil and who does it," Ihamuotila said.

OPEC Is Producing More Than Before

This being the case, it was also easy for Ihamuotila to dodge the question as to whether the oil purchased from the Saudis will be cheaper than Soviet oil. Ihamuotila did not want to say either through which system the rather small quantity of oil purchased from Iran will be priced.

According to the AP-DJ news agency, the total production of the member nations of the Organization of Petroleum Exporting Countries (OPEC) is now from 17.5 to 18 million barrels a day, the biggest since July 1984. The organization's official, still in effect ceiling for total production is 16 million barrels.

AP-DJ bases its knowledge on the highly regarded oil industry publication that goes by the name of Petroleum Intelligence Weekly (PIW). According to it, 9 of the 13 OPEC member nations are exceeding the production quotas specified for them, many of them by a great deal. The Saudis are still behind, but are coming up to their quota at a good clip.

OPEC's next ministerial conference will be held on 7 December.

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